

Saldanha Municipality

*Annual Report
2014/15*



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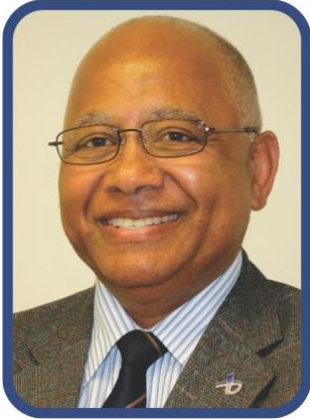
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Chapter 1: Mayor's Foreword and Executive Summary

Component A: Mayor's Foreword

(Will be inserted with final before submitting to council by end March 16)



Francois Schippers
EXECUTIVE MAYOR



COMPONENT B: EXECUTIVE SUMMARY

Municipal Manager's Overview



It is a great pleasure for me to write the foreword for the 2014/2015 Annual Report of the Saldanha Bay Municipality. For the first time in our history we have obtained a “clean” audit report from the Auditor-General. This was indeed a team effort led by the Council, Executive Mayor and all the staff of the municipality and is something that we can be very proud of. Our challenge now is to maintain this level of governance and ensure that our levels of service delivery match this high standard of governance. This will be difficult, as local government is in the process of implementing the Municipal Standard Chart of Accounts (mSCOA). We will however do our level best to maintain our levels of service delivery and governance.

We continue to be guided by the strategic framework of the municipality (our vision, mission, value statement and strategic objectives) contained in our Integrated Development Plan. This framework informs our resource allocation and infrastructure investment decisions. In addition, alignment with the district, provincial and national strategic agenda is important to ensure congruence with the strategic intent of the other spheres of government. The different inter-governmental forums that exist in the province greatly assist in this regard.

SBM will have to make very important investment decisions in the near future. Even though the levels of access to services are high in our communities, we are experiencing high growth in population numbers and some of our infrastructure is ageing and need replacement. In order to deal with these challenges will require reprioritisation of our own funded projects as well as exploring more external sources of funding and finance.

We are thankful to our community for the diligent manner in which they pay their municipal accounts. In return, the SBM will continue to eradicate existing backlogs and properly plan and provide basic, economic and social infrastructure. This will be done, as it has been up to now, with due regard for the long term financial sustainability of the municipality.

- ≈ The municipality is both a provider as well as a consumer of services. In both roles we must play our part in ensuring sustainability of our natural resources. Our regulatory power, as a provider of services, allows us through our tariff structures and other measures to encourage a more efficient and sustainable usage of resources like water and electricity. We are continuing to implement the following measures in this regard:
- ≈ Step tariffs for water and electricity, higher usage amounts to higher costs;
- ≈ Increase public awareness on the sustainable use of water and electricity through notices in the local newspaper and campaigns at schools;
- ≈ Replacement program of old water meters and water demand management by installation of control meter and monitoring of losses;
- ≈ Improving reaction time in cases of pipe breakages by decentralising some maintenance services;

- ≈ Replacing high energy consumption lights with more energy efficient lights in most municipal buildings; and
- ≈ Refining our geyser load control system to assist with reducing energy consumption over the national peak period between 18:00 and 21:00 on week days.

The Saldanha Bay Municipality finds itself in an exciting position in respect of its short, medium and long term outlook. The current political and administrative leadership will be judged by future generations on how we use this favourable outlook to achieve the aims of sustainable development, namely human well-being, economic success and ecological responsibility, for both current and future generations.

Serve, Grow & Succeed Together!



Dr. Louis Scheepers

MUNICIPAL MANAGER

1.2 Municipal Functions, Population and Environmental Overview

This report addresses the performance of the Saldanha Bay Municipality in the Western Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the council of the municipality provides regular and predictable reporting on programme performance and the general state of affairs in their locality.

The 2014/15 Annual Report reflects on the performance of the Saldanha Bay Municipality for the period 1 July 2014 to 30 June 2015. The Annual Report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), in terms of which the Municipality must prepare an Annual Report for each financial year.

1.2.1 Vision and Mission

The Saldanha Bay Municipality committed itself to the vision and mission of:

Vision:

“Serve, Grow and Succeed Together”

Mission:

We, the community of Saldanha Bay, want to make this the area of choice within which to live, do business and relax. We want to be:

- ≈ A leading municipality;
- ≈ Render quality service at a reasonable price;
- ≈ Be a place in which all have access to developmental opportunities;
- ≈ Utilise the riches of land and seas in a sustainable manner; and
- ≈ Strive to achieve the three aims of sustainable development, namely human well-being, economic success and ecological responsibility.

1.2.2 Demographic Information

a) Municipal Geographical Information

Saldanha Bay Municipality (WC014) is a local municipality located on the West Coast of South Africa, approximately 140 kilometres north of Cape Town. It forms part of the West Coast District Municipality (DC1), situated in the Western Cape Province. The municipality is bordered in the west by the Atlantic Ocean, in the north by the Bergrivier Municipality and the east by the Swartland Municipality.

The Saldanha Bay Municipality covers an area of 2 015 km² and have a coastline of 238km. The head office is located in Vredenburg, with satellite offices in Hopefield, St Helena Bay, Paternoster, Saldanha and Langebaan. Saldanha Bay has the largest natural port in Africa and the area is earmarked as a regional motor for the development of the Western Cape Province.

Wards

The Municipality is currently structured into the following 13 Wards:

WARD	AREAS
1	Middelpos & Daizville West
2	Witteklip (RDP Houses)
3	White City
4	Diazville & RDP Houses
5	Saldanha Town, Blue water Bay & Jacobs Bay
6	Langebaan
7	Hopefield & Koperfontein
8	Vredenburg North, Langebaanweg, Green Village
9	Ongegund and Part of Self Built Scheme
10	Vredenburg South & Louwville North
11	St. Helena Bay & Paternoster
12	Laingville
13	Yskor & Part of Self Built Scheme

Table 1: Municipal Wards

Maps of the Municipal area:

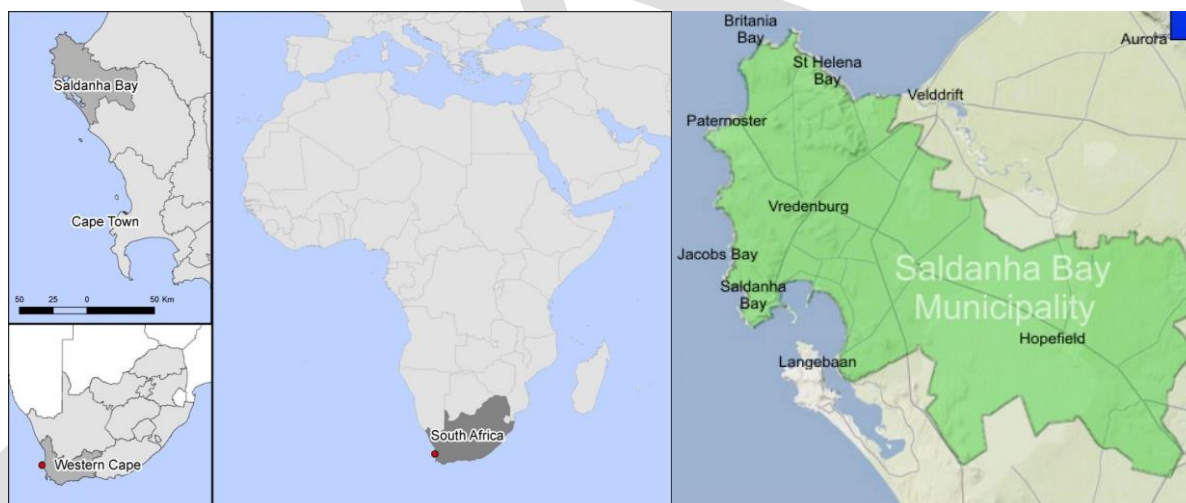


Figure 1 Locality maps

The area includes a number of big rural areas, as well as the following towns:

St Helena Bay:

St. Helena Bay is one of the world's principal fishing centres. The cold Benguela current surges upwards along this part of the coast and bring to the surface large concentrations of nutrient salt. Huge shoals of anchovies and pilchards (before they were depleted by over fishing) fed in the area on the plankton which flourished on the nutrient salts.

Twelve busy fish-processing factories were established along the 21km curve of the shore from West Point to Sandy Point and Stompneus. In the heyday of pilchards, the scene was one of frenzied activity during the catching season, which normally lasted from the 1 January to 31 July. The bay is also well known for its Snoek, especially during the winter months. St. Helena is especially beautiful since wheat fields reach down almost to the water's edge and only a tarmac road runs along the coast providing a boundary line between agriculture and fishing. Furthermore, because of the town's position it is the only town on the West Coast where the sun rises over the sea.

The Southern Right whales come annually from the Sub-Antarctic regions to calve and mate during the months of June to November. Humpback whales may be sighted during the months of October and November as these animals migrate south from their breeding grounds in tropical West Africa to their feeding grounds in the Antarctic. The bay is also popular for the dolphins; schools of over 1 000 have been sighted at times. The bay also hosts a variety of marine birds, penguins and large colonies of seals.

Jacobsbaai:

Jacobsbaai is a beautiful isolated bay a few kilometres north of Saldanha Bay with a sea frontage of about 2km. Its interesting coastline has peninsulas, rocky and sandy bays with cosy beaches and an abundance of seafood, crayfish, fish, mussels and abalone. Jacobsbaai is often referred to as "Namaqualand by the sea" since its wild flowers are breathtakingly beautiful in spring. The housing development at Jacobsbaai is taking place according to strict architectural guidelines in an effort to create a typical West Coast town.

Paternoster:

The first maritime survey of this part of the coast was done in the 1790's by Francis Renier Duminy, Captain of the Dutch East India Company ship, *De Meermin*.

Although life in Paternoster is still very much associated with the sea and fishing industry (Paternoster Fisheries), it is to this historic fishing village that the traveller comes to relax. Quaint, whitewashed cottages nestle gently on the sloping hill called Kliprug.

Cape Columbine Nature Reserve (Tietesbaai):

The reserve covers an area of 263 ha along the rocky stretch of coastline with numerous inlets and coves. This area was declared a nature reserve in December 1973. The vegetation of typical West Coast field ranges from the well-known West Coast fynbos to Karoo succulent. In spring (August to October) the area is covered in a bright tapestry of wild flowers. This reserve boasts the last manually controlled lighthouse to be built in South Africa. It is usually the first South African lighthouse to be seen by ships coming from Europe. The lighthouse was built in 1936 on Castle Rock and stands at a height of 80m above sea level and casts a beam which is visible for about 50km.

The significant white boulders, where great humped rocks crouch around little rocky bays, make this unspoiled gem one of the most beautiful beaches on the West Coast. The vast beach, washed by a fresh Atlantic Ocean, can satisfy the enthusiastic kayaker in a safe paddling environment.

Apart from dolphins and whales, the coastline, together with an abundance of mussels, is very famous for the West Coast Rock Lobster, abalone and other seafood. The peaceful surroundings that typify this place of "Red Gold" also offer pristine hiking trails and unforgettable sunsets that slowly vanish in brilliant colours.

Saldanha:

Today Saldanha has a huge iron ore quay and is home to a large variety of fishing vessels. Saldanha Bay is the largest natural bay in South Africa: it offers a paradise for water sport enthusiasts. Its sheltered harbour plays an important part in the huge Sishen-Saldanha iron ore project at which Saldanha Steel, a state of the art steel mill, takes centre stage. The town is not only important for export but also hosts many other industries, for example, crayfish, fish, mussels, oysters, seaweed and many more. Saldanha is also the location of the South African Military Academy as well as SAS SALDANHA, a naval training unit.

Things to see in Saldanha include the French Huguenot Memorial, Doc's Cave, the Breakwater and Cummings Grave. The breakwater was built in 1976 and is 1.8 km long. It connects the main land with Marcus Island. There are also hiking trails for the nature lover at Oranjevelei and at the SAS Saldanha Naval Base. Furthermore, boat trips to the islands in the bay, as well as fishing trips, can be organised (weather permitting).

Hopefield:

The town, 120km from Cape Town, is situated on the R45 and can be reached by either the West Coast R27 or N7 highways. Today the town serves the grain, dairy, meat, honey and "waterblommetjie" farmers of the area. It also boasts excellent education facilities and a modern retirement centre. Hopefield is situated in the heart of Fynbos country with spectacular displays of wildflowers around the town and on the tarred road from Hopefield to Velddrif during August and September. The large wetland area provides the nature lover with prolific bird life and beautiful hiking trails especially in the Berg River area. The town provides a peaceful and serene environment for its inhabitants whether young or old. The climate is excellent; the summers are hot while the winters mild with an average of 300mm rain per annum. The price of property and fairly low rates and taxes attract many a city dweller that yearns for a quiet country retreat. It also boasts a modern, fully licensed sports complex with conference and function facilities. The annual events are the hunting day held in June when hunting parties take to the field to hunt the game in the area. At the Fynbos Show held at the end of August more than 200 species are brought indoors and displayed in their natural environment. The "Commando" horse and tractor trail provides great enjoyment to many visitors who appreciate the breath taking scenery not readily accessible to the public. The beautiful flowers, clear air and famous West Coast hospitality are like a never ending symphony!

Vredenburg:

Vredenburg, which means *the town of peace*, started somewhat less peaceful than its name implies. A spring, that bubbles on the boundary line separating two farms Heuningklip and Witteklip, had the owners of these two farms, W. Baard and C. Loubser, quarrelling so much over water rights that the spring was first known as Twisfontein (fountain of strife) and later, as legal action was taken, as Prosesfontein (lawsuit fountain). In 1875 a congregation was established and a church was built which helped to bring peace (vrede) to settle

the dispute. A monument was erected near the site of the contentious spring. Today numerous businesses line the main road of Vredenburg, the largest administrative and commercial centre on the West Coast. In 1975, by government decree, Vredenburg and Saldanha were united as the Vredenburg-Saldanha Municipality.

Langebaan:

Just over one hundred kilometres from Cape Town, next to the scenic Langebaan Lagoon, nestles the picture perfect little village of Langebaan, one of the oldest and least discovered tourist destinations on the West Coast of South Africa.

The name is said (amongst other theories) to originate from a Dutch phrase meaning “Long Fjord”. It is the ideal place to stay when visiting the 30,000 hectare West Coast National Park and to experience the flowers in August and September, en route to Namaqualand, the Cederberg or Namibia. Nature lovers revel in the pure air, miles of safe beaches, the sun and water sports like sailing, windsurfing, surfing, fishing, diving or just paddling when they are not bird-watching, hiking or playing the 18 Greens. It is a birdwatchers paradise, with as many as 75 species observed in one morning, and 250 in a year. Meet the migrators from the steppes here in summer.

The village also boasts several very good restaurants, ranging from Haute cuisine to Boma. An off-sales, supermarket, medical doctor, dentist, garage, video shops, boat yard, yacht club as well as seafood distributors ensure that you won't need to leave the village for anything but to go home.

b) Population

Demographic information provides relevant statistical information to government and policy decision makers. It is also an important guide for informing service needs (social and economic); policy development and intervention; identifying targeted intervention programmed, their implementation and evaluation.

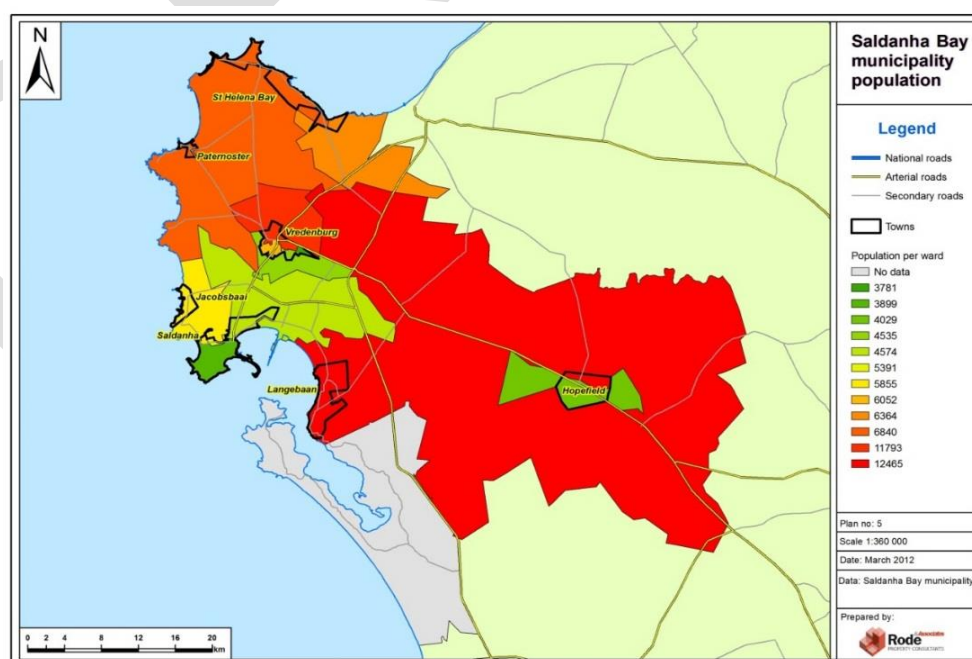


Figure 2 Population per ward in 2010

The Western Cape population composes of 11.25 per cent of the total population of the country in 2011 with 5.8 million persons, having increased from 4.5 million in 2001. Thus the Western Cape population grew at a rate of 2.6 per cent per annum between 2001 and 2011. This is faster than the national population growth rate of 1.5 per cent and is largely due to immigration to the Western Cape, where individuals believe they can obtain jobs and better standards of living.

Saldanha Bay ranks second in terms of population size within the West Coast District with a figure of 103 312 people in 2013. A moderate projection is predicted for 2017 with the figure rising to 111 315 people (increase of 8 003 persons).

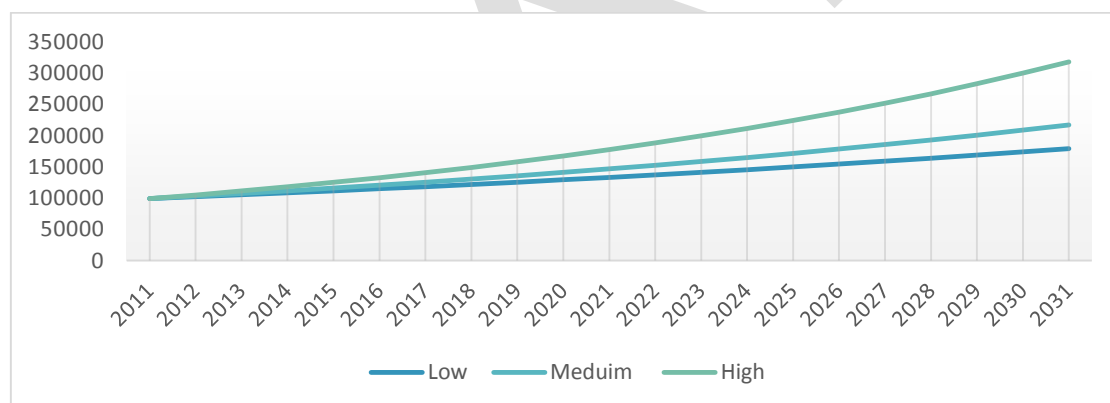
The population growth potential of Saldanha Bay Municipality can be summarized as follow:

Growth	2013	2014	2015	2016	2017	2018	2019	2020	2021	2031
Low	105 234	108 391	111 643	114 992	118 442	121 995	125 655	129 424	133 307	179 154
Medium	107 287	111 579	116 042	120 683	125 511	130 531	135 752	141 183	146 830	217 344
High	111 453	118 140	125 229	132 743	140 707	149 150	158 099	167 584	177 640	318 125

Source: Statistics South Africa

Table 2: Population Growth Potential

Source: Statistics South Africa

**Graph 1: Population Growth Potential**

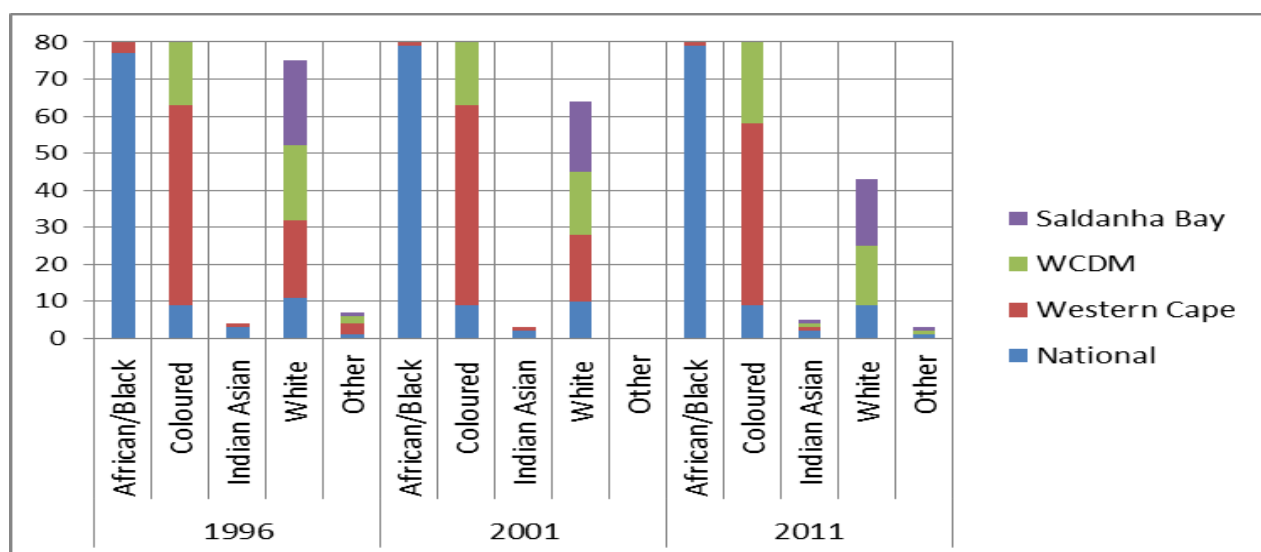
Source: Statistics South Africa

c) Population Groups

Understanding racial groupings provides insight into changes in the human settlement and migratory pattern of a population. It provides valuable information for future and current demand for municipal services and the provision of government services such as health, education, housing and basic services.

The graph below indicates the population groups which comprise the National, Western Cape and Western Cape district Municipality (WCDM) footprint. Since the National, Western Cape and WCDM geography is diverse there are different population groups displaying higher numbers in the different areas. For example, nationally over 70% of the population is African/Black whereas approximately 50% of the Western Cape and over 60% of the WCDM population is Coloured. The Coloured population also dominates the SBM representing

over 50% of the total population. The White community is the second largest population group within the WCDM except in the SMB where the African/Black community represents a larger share of the population. The increase in population in these areas are as a result of the influx of migrants to the SBM as a result of the growing secondary sector and the establishment of the Industrial Development Zone (IDZ).



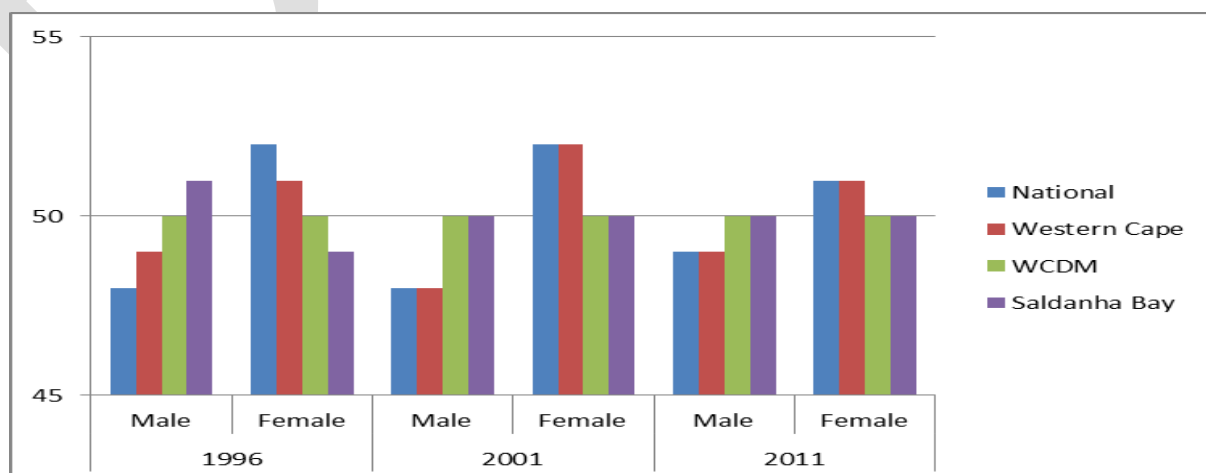
Graph 2: Population Groups

Source: Statistics South Africa

The proportion of the African/Black population group has increased throughout South Africa, the Western Cape and all municipalities within the WCDM. In 1996, African/Blacks represented 5% of the total WCDM's population compared to 16% in 2011. The Saldanha Bay area has seen the largest growth in African/Blacks from 1996 (8%) to 2011 (24%). The Coloured community in this area has also reduced considerably over the same period from 67% in 1996 to 56% of the total population in 2011.

d) Gender

The gender share of the population has been and is fairly equal with the 2011 distribution of males and females nationally and within the Western Cape being 49% and 51% respectively. This trend is also evident throughout the WCDM including the SBM.



Graph 3: Gender Share

Source: Statistics South Africa

e) Households

The number of households within the WCDM have increased in proportion to its population growth, indicating a growth of 30% from 1996 to 2001 and 45% from 2001 to 2011, averaging 4.1% year-on-year. The national and provincial average annual growth rate is below that of the WCDM at 3%. Saldanha Bay displayed the largest average annual household growth rate in the district at 6%. The total number of households within the municipal area during the 2011 census was 28 827. By using an annual growth rate of 4.1%, the total number of households in 2014/2015 are estimated to be 33 862.

Households	2013/14	2014/15
Number of households in municipal area	32 529	33 862
Number of indigent households in municipal area	7 825	7 638
Percentage of indigent households in municipal area	24%	23%

Table 3: Total number of households

f) Dwellings

The national statistics indicates 78% of the population had access to formal housing in 2011 with the remaining 22% living in informal, traditional or 'other' housing. The Western Cape and WCDM's access to formal housing surpasses that of the national average with 80% and 88% respectively in 2011.

Level	1996					2001					2011				
	Formal dwelling	Traditional dwelling	Informal dwelling	Other	Total	Formal dwelling	Traditional dwelling	Informal dwelling	Other	Total	Formal dwelling	Traditional dwelling	Informal dwelling	Other	Total
National	64	18	16	1	100	69	15	16	0	100	78	8	14	1	100
Western Cape	81	1	17	1	100	81	2	16	1	100	80	1	18	1	100
WCDM	91	2	6	1	100	90	3	6	1	100	88	1	10	1	100
Saldanha Bay	87	1	10	2	100	85	1	14	0	100	82	0	17	1	100

Table 4: Dwellings

Source: Statistics South Africa

Whilst the national trend suggests an increase in access to formal housing the same cannot be said about Saldanha Bay as the proportion of the population with access to formal housing decreased from 87% in 1996 to 82% in 2011 due primarily to the influx of migrant workers to the area. There is a noticeable increase in informal dwellings from 10% (1996) to 17% (2011) which resulted in the Saldanha Bay area having the lowest access to formal housing within the WCDM.

The tenure status of households as seen below indicates that the national, provincial and district figures are comparable. In 2011; nationally 53% of dwellings were owned and 44% rented compared to the Western Cape and WCDM where 52% is owned and 44% rented. In Saldanha Bay 63% of dwellings were owned of which 47%

were fully paid off and 16% was not. Thirty five percent of the population rented the dwellings in which they lived. No significant changes in the ownership of households can be seen between the 2001 and 2011 periods.

g) GDP & Key Economic Activities

The West Coast District (WCD) real economic growth disappointed somewhat over the 2000s, i.e. when compared to economic growth in the Cape Metro and the other Western Cape districts - the average real GDP growth rate of 3.3 per cent per annum (2000 to 2011) was dragged down by a gradual contraction in the Agriculture, forestry and fishing sector (-0.4 per cent per annum).

The WCD regional economy grew by 3.2 per cent per annum in real terms over the period 2000 to 2013, while its workforce contracted on balance at a rate of 0.9 per cent per annum. While this growth performance is sub-par in the Western Cape, which grew by 3.9 per cent per annum on average, creating employment at an average annual rate of 0.4 per cent per annum, the District hosts two of the Province's top-10 leading growing non-metro municipalities, i.e. Saldanha Bay and Swartland. Saldanha Bay contributed 5.4 per cent of the cumulative growth of the Province's non-metro municipalities, i.e. 6th on the list, and Swartland 3.7 per cent, i.e. 10th on the list. The ranking is determined by considering both the size and growth of the municipal economies. The Saldanha Bay and Swartland municipalities are both larger and faster growing in the WCD regional economy. Bergrivier, Matzikama and Cederberg, being mainly agriculture producing regions, are trailing in terms of growth and size and contributed a combined 3 per cent to the cumulative growth of the non-metro municipalities in the Province.

The Finance and Business services appear to be more closely linked to a relatively large General government sector and - to a lesser extent - Manufacturing. Saldanha Bay's agricultural value added expanded strongly between 2004 and 2008 after which it has been moving sideways. The Saldanha Bay municipal Manufacturing sector real value added slumped in 2009 and has not really recovered from the recession impact; this slump is related to the recession impact on the metals industry in the region, which contracted by more than 30 per cent in 2009.

The pedestrian growth of the WCD manufacturing sector is explained to a large extent by the recessionary slump and only partial recoveries in key industries (metals and engineering, non-metal minerals, food and beverages and wood products) and the Saldanha Bay Municipality seems to be at the centre of the impact and - to a lesser extent - the Matzikama and Cederberg Municipalities (1.5 per cent).

The development of the IDZ in Saldanha Bay is likely to boost the fortunes of the local manufacturing sector, which could give rise to interesting linkages with the more buoyant Swartland and Bergrivier manufacturing sectors, in turn, stimulating supporting services activity as well. This is a factor that needs to be borne in mind with the development of the Saldanha Bay IDZ.

Intensive agricultural areas are located along river courses. The following 4 key economic activities were identified in the LED strategy review document have been identified in an IDZ Pre-Feasibility Study:

Key Economic Activities	Description
Establish an IDZ	The most significant new project that is currently underway is the establishment of the Industrial Development Zone (IDZ) in Saldanha as a catalyst to expand the potential of the harbour and to launch the Oil and Gas cluster. From a strategic outlook point of view, vigorous growth is assured due to the Oil & Gas sector and the IDZ/SEZ, but less assured is the impact that it will have with regard to local and regional sustainability and transformation. Thus the strategic intent of the SBM is to build partnerships to ensure that the anticipated growth of the IDZ/SEZ directly benefits local and district residents, leads to socio-economic transformation and the needs of future development are translated into effective municipal planning and execution. Priority issues are to ensure sufficient skills to support current growth & development, necessary skills to fuel future growth trajectory & and socio- economic transformation and communication at all levels and an increasingly efficient and effective municipality.
Tourism	Tourism is already well established and relatively matured although it still has enormous growth potential. The tourism strategy of SBTO for the area is currently under revision to ensure that the sector continues to contribute to the economic development of the area. The key priorities as contained in the Council approved Tourism Development Strategy (TDS) for the SBM area are currently in an implementation stage in order to open more tourism opportunities to locals.
Aquaculture	Aquaculture is also an established sector that has considerable growth potential due to the successful aquaculture activities in particular the Saldanha port. Good aquaculture growing conditions and water quality managed and improving. The demand far exceeds supply currently, thus the future of aquaculture with port expansion need to be clarified. Expansion of primary production and increased value addition are currently needed for the aquaculture industry.
Steel fabrication	Saldanha has the potential and is well positioned for exponential growth and development. This growth can be expected from four "sunrise" and labour intensive sectors like steel fabrication.

Table 5: Key Economic activities

1.2.3 Socio Economic Information

a) Education Levels

The educational attainment amongst people aged 15 years and older is indicated in the table below. In 2011 the national figures indicated that 38% of the population had some secondary schooling followed by 26% having achieved Grade 12. The numbers in the Western Cape is comparable to the national average as 40% have some secondary schooling and 26% Grade 12. Within the WCDM, 39% have some secondary education and 21% have completed Matric.

The Saldanha Bay indicators show that 44% of the population have attained some secondary education followed by 26% with Grade 12. Together this represents the largest portion of the SBM's education levels as the remaining 30% of the population either have no schooling (2%), some or complete primary (17%), higher education (8%) or other (3%).

Level	Year	No schooling	Some primary	Complete primary	Some secondary	Grade 12/ Std 10	Higher	Other	Total
National	1996	16	16	8	36	14	6	4	100
	2001	16	16	7	36	18	7	0	100
	2011	7	11	5	38	26	10	2	100
Western Cape	1996	6	15	9	40	17	10	4	100
	2001	5	14	8	40	22	10	0	100
	2011	2	10	5	40	26	13	4	100
WCDM	1996	10	21	11	35	13	7	3	100

	2001	8	21	11	37	17	6	8	100
	2011	5	15	8	39	21	7	6	100
Saldanha Bay	1996	6	17	11	40	16	7	3	100
	2001	5	16	10	42	20	7	0	100
	2011	2	11	6	44	26	8	3	100

Table 6: Key Economic activities

Source: Statistics South Africa

In 2011, most individuals from the African/Blacks race group attained some secondary schooling. In South Africa the figure was 40%, in the Western Cape (45%), the WCDM (40%) and SBM (50%). Nine percent of African/Blacks nationally indicated that they have no schooling compared to 3% in the Western Cape and WCDM and 2% in SBM. The proportion of African/Blacks who completed Grade 12/Std 10 was higher within the Western Cape (25%) than in South Africa (24%), but lower in the WCDM (15%) and Saldanha Bay (20%). Post matric education was attained by a lesser portion of African/Blacks representing 7% nationally and within the province, 3% in the district and 4% in Saldanha Bay.

The highest proportion of Coloureds that have some secondary schooling in South Africa (44%), the Western Cape (46%), the WCDM (43%) and Saldanha Bay (48%). Coloureds with no schooling is higher in the WCDM at 6% compared to South Africa (4%), Western Cape (3%) and Saldanha Bay (3%). Grade 12/Std 10 achievers nationally (23%) was above that of the province (22%), district (16%) and Saldanha Bay (22%). The number of Coloureds who had higher education was 6% in the Western Cape, 3% in the WCDM and 4% in Saldanha Bay compared to 7% for Coloureds nationally.

In 2011, most Indians and Asians in South Africa attained some secondary schooling (38%) compared to 31% in the Western Cape. A minimal portion of the Indian/Asian community have no schooling - 3% in South Africa, 1% in the Western Cape, 4% in the WCDM and 2% in Saldanha Bay. The attainment of higher education among Indian/Asians is low in the WCDM (7%) and Saldanha Bay (10%) when compared to Indians in South Africa (20%) and the Western Cape (28%).

The majority of the White community in South Africa (37%), the WCDM (43%) have completed Grade 12/Std 10. This differs in the Western Cape where the highest level of education attained by Whites is post matric, representing 38%. The national (34%), WCDM (25%) and Saldanha Bay (24%) figures of Whites accomplishing a higher education is lower in comparison to Whites in the province. Whites with no schooling in the province, district and Saldanha Bay is almost non-existent as only 1% of Whites in South Africa have no schooling.

In 2011, school attendance in South Africa (30%), the province (23%) and district (21%) was remarkably low. When compared to 1996, a decrease of 2% in school attendance is seen in South Africa and the Western Cape as well as a 1% decrease in the WCDM. Saldanha Bay had the second lowest school attendance of 21% in 2011, this is below the national and provincial averages and on par with the district average. School attendance in Saldanha Bay has decreased by 3% from 1996 to 2011.

b) Employment

The size of Saldanha Bay's labour force is 44 829 people of which 34 359 is employed and 10 470 is unemployed. The unemployment rate was recorded as 23.4 per cent in 2011, the highest in the West Coast District. In comparison with the District labour force, Saldanha Bay's labour force represents 27.1 per cent of the West Coast District labour force.

The Finance, insurance, real estate and business services sector employed the most people (6 487) in 2011, followed by Wholesale and retail trade, catering and accommodation (3 976), Agriculture, forestry and fishing (2 972) and Manufacturing (2 470). The Transport, storage and communication sector employed the least people (1 170) followed by Construction (1 184).

In relation to the net employment change for the dominant regional Broad sectors as per MERO 2014 (Agriculture, Manufacturing and Services), Saldanha Bay suffered net job losses in Agriculture (2 190) and Manufacturing (4 860). The net loss in Manufacturing had a severe impact on the entire West Coast region given the percentage share attributable to the Saldanha Bay component of this Broad sector (4 860 losses of a total net loss of 7 600 jobs for the WCD). Services on the other hand displayed robust growth in job creation/labour absorption of skilled labour accounting for 9 380 jobs during 2000 - 2013.

The economic drivers of the region have recorded positive indices with Saldanha Bay and Swartland featuring prominently according to socio-economic index (SEP-LG 2013). For the year 2010, rural based municipalities such as Cederberg (42.7 per cent), Bergrivier (33.8 per cent) and Matzikama (31.7 per cent) recorded alarming levels of poverty. Saldanha Bay Municipality has consistently recorded low poverty rates relative to its neighbouring municipalities hovering around 22 per cent - 23 per cent for the 2001 - 2010 periods. Saldanha Bay's poverty rates compare better than West Coast District (30.4 per cent) but slightly lower than that of the Province (22.1 per cent).

c) Poverty Indicators

The economic drivers of the region have recorded positive indices with Saldanha Bay and Swartland featuring prominently according to socio-economic index (SEP-LG 2013). For the year 2010, rural based municipalities such as Cederberg (42.7 per cent), Bergrivier (33.8 per cent) and Matzikama (31.7 per cent) recorded alarming levels of poverty. Saldanha Bay Municipality has consistently recorded low poverty rates relative to its neighbouring municipalities hovering around 22 per cent - 23 per cent for the 2001 - 2010 periods. Saldanha Bay's poverty rates compare better than West Coast District (30.4 per cent) but slightly lower than that of the Province (22.1 per cent).

1.3 Municipal Highlights and Challenges

1.3.1 Service Delivery Performance Highlights

Highlight	Description
Percentage spend on capital budget	The increase spend on the Capital budget directly contributed to the provision and sustainability of roads and storm water, water and sanitation, electricity and solid waste operations

Highlight	Description
Collaborative provision of services	The relationship with the IDZ resulted in water and sanitation project contributions to respond to expected growth

Table 7: Services Delivery Highlights

1.3.2 Service Delivery Challenges

Service Area	Challenge	Actions to address
Water, Roads and Building infrastructure	Infrastructure vandalism	The use of non-value materials has commenced, however, resulted in increased cost. An strategic security response plan will be drafted to ensure tailored solution to the vandalism risks
Bulk and internal network basis services	The provision of bulk services cannot be done in isolation from upgrading the internal services networks. This resulted in required upgrades in established residential areas at great cost	Finalisation of the infrastructure Growth Plan to respond to current and expected need/growth scenario
Low cost housing	The increase with the provision of low cost housing as well as sites and services have an impact on the indigent register and funding provision	Understand housing needs and provide for higher end housing beneficiaries whom will be able to contribute to the municipal tax base

Table 8: Services Delivery Challenges

1.3.3 Proportion of Households with access to Basic Services

Service	2013/14	2014/15
Electricity service connections (Represents the number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas))	22 349	22 005
Water - available within 200 m from dwelling (Represents the number of residential properties which are billed for water or have pre paid meters)	23 102	23 573
Sanitation - Households with at least VIP service (Represents the number of residential properties which are billed for sewerage)	26 297	23 097
Waste collection - kerbside collection once a week (Represents the number of residential properties which are billed for refuse removal)	23 982	24 459

Table 9: Households with minimum level of Basic Services

1.4 Financial Health Overview

1.4.1 Financial Viability Highlights

Highlight	Description
Current ratio	The current ratio of 3.48:1 is an indication that the cash flow situation is still sound. The norm is 2:1.
Monetary liquidity ratio	This ratio is still 2.73:1 and above the norm of 2:1 which is an indication of sound financial management

Highlight	Description
Cost coverage	The monthly average fixed costs is covered 7.17 times by cash and cash equivalents
Debt coverage	The outstanding debt to revenue ratio is still very low at 6% of revenue

Table 10: Financial Viability Highlights

1.4.2 Financial Viability Challenges

Challenge	Action to address
Total outstanding service debtors to revenue 15.01%	This ratio is not yet at the acceptable level of 10%, although not deviating materially. Revenue enhancement project and debt collection strategies will address this over the medium term

Table 11: Financial Viability Challenges

1.4.3 National Key Performance Indicators – Municipal Financial Viability and Management (Ratios)

The following table indicates the municipality's performance in terms of the **National Key Performance Indicators** required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the **National Key Performance Area** namely **Municipal Financial Viability and Management**.

KPA & Indicator	2013/14	2014/15	Comments
Debt to Revenue (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant	8.44%	6%	This ratio declined due to current external loans that have been redeemed. It will however increase in future as new external loans have been approved to be incurred from 2015/2016
Service debtors to revenue (Total outstanding service debtors/revenue received for services)	16.14%	15.01%	Although this ratio is not at the acceptable level of 10%, it improved from the previous financial year.
Cost coverage ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	8.75	7.17	The average monthly fixed costs are covered 7.17 times by cash and cash equivalents. This ratio is however decreasing and will further decrease in the future mainly due to the depletion of the capital replacement reserve.

Table 12: National KPI's for financial viability and management

1.4.4 Financial Overview

Details	2013/14	2014/15		
		Original budget	Adjustment Budget	Actual
	R'000			
Income				
Grants(Operating + Capital)	90 837	122 563	109 290	95 138
Taxes, Levies and tariffs	558 174	610 273	602 265	529 685
Other	64 116	54 939	68 703	77 711
Sub Total	712 336	787 775	780 259	765 534
Less Expenditure	673 230	829 581	814 519	730 878
Net surplus/(deficit)	39 897	(41 806)	(34 261)	34 656

Table 13: Financial Overview

1.4.5 Operating Ratios

Detail	Expected norm	Actual	% Variance	Actual	% Variance
		2013/14		2014/15	
Employee Cost	30%	32.72%	2.72%	33.22%	3.22%
Repairs & Maintenance	9%	4.01%	(4.99%)	4.31%	(4.69%)
Finance Charges & Depreciation	18%	15.41%	(2.59%)	17.07%	(0.93%)

Table 14: Operating ratios

Employee cost is 3.22% higher than the norm of 30%. Repairs and maintenance are 4.69% below the norm of 9% which can be attributed to the following:

- ∞ Cost of maintenance staff being included in employee cost and not allocated to repairs and maintenance
- ∞ Transport cost being included in vehicle costs and not allocated to repairs and maintenance

Finance charges and depreciation are 0.93% lower than the norm of 18% that can mainly be attributed to the low level of borrowings outstanding at this point in time due to the ability of the municipality to fund more than 60% of the capital budget from own funds.

1.4.6 Total Capital Expenditure

Detail	2013/14	2014/15
	R'000	
Original Budget	188 900	211 181
Adjustment Budget	208 662	236 337
Actual	145 156	225 459

Table 15: Total Capital Expenditure

1.5 Organisational Development Overview

1.5.1 Municipal Transformation and Organisational Development Highlights

Highlight	Description
Organisational review and full implementation	The full implementation as part of the service offering and restructuring was monitored and where required adjusted to respond appropriately to strategy requirements
IRCA grading	Maintaining the 5 star Occupational Health and Safety rating as part of the annual review

Table 16: Municipal Transformation and Organisational Development Highlights

1.5.2 Municipal Transformation and Organisational Development Challenges

Challenge	Actions to address
Task job evaluation and auditing	Auditing of critical posts on the organisational structure resulted in increased salary costs
Vacant posts on organisational structure	Review organisational structure and re-align based on comparative analysis performed with other municipalities

Table 17: Municipal Transformation and Organisational Development Challenges

1.6 Auditor General Report

Saldanha Bay Municipality received an unqualified audit report by the Auditor-General for 2014/2015.

The unqualified audit opinion means that the financial statements present fairly, in all material respects, the financial position and its financial performance and cash flows in accordance with applicable laws, regulations and standards. Very few matters of emphasis were highlighted by the Auditor-General and are listed in Chapter 6 of this report.

1.6.1 Audited Outcomes

Year	2010/11	2011/12	2012/13	2013/14	2014/15
Status	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified

Table 18: Audit Outcomes

CHAPTER 2: Governance

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

a) National Key Performance Indicators - Good Governance and Public Participation

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations 796 of 2001 and section 43 of the MSA. This key performance indicator is linked to the National Key Performance Area - Good Governance and Public Participation.

KPA & INDICATORS	2013/14	2014/15
The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan	69.5%	95.0%

Table 19: National KPIs - Good Governance and Public Participation Performance

b) Performance Highlights - Good Governance and Public Participation

Highlight	Description
Audit outcome	Significant planning and resource allocation was instituted to resolve previous matters whilst performing day to day tasks and by so doing achieved a "clean audit"
Industrial Development Zone	Since establishment the year under review can be viewed as stakeholder engagement and sharing and understanding the potential impact of the envisioned project
Vredenburg Urban Revitalisation	Stakeholder engagement with other spheres of government from both National and Provincial departments as well as real estate owners resulted in great strides made with the plan conceptualisation

Table 20: Good Governance and Public Participation Performance Highlights

c) Challenges - Good Governance and Public Participation

Description	Actions to address
mSCOA (Standard Municipal Chart of Accounts)	The requirements with regard will place more strain on current resources and activities to conform to the National Treasury requirements
Information and Communication Technology Governance Framework	The requirements of this process is to ensure that appropriate governance structures is in place to respond to the implementation plan requirements

Table 21: Good Governance and Public Participation Challenges

Component A: Political and Administrative Governance

2.1 Political Governance Structure

The council performs both legislative and executive functions. It focuses on legislative, oversight and participatory roles, and has delegated its executive function to the Executive Mayor and the Mayoral Committee. Its primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as policy makers, Councillors are also actively involved in community work and the various social programmes in the municipal area.

2.1.1 Council

Below is a table that categorised the councillors within their specific political parties and wards as at 30 June 2015:

Name of councillor	Capacity	Political Party	Ward representing or proportional
F J Schippers	Executive Mayor	DA	Ward 7
S J E Steyn	Executive Deputy Mayor	DA	Ward 10
O D Daniels	Speaker	DA	Proportional
N S Louw	Councillor	DA	Ward 8
S L van Tura	Councillor	DA	Ward 13
F Pronk	Councillor	DA	Ward 5
R J Don	Councillor	DA	Ward 3
M S Biko	Councillor	ANC	Ward 1
J Skei	Councillor	ANC	Ward 2
S T Vries	Councillor	DA	Ward 4
A Kruger	Councillor	DA	Ward 6
I M Riet	Councillor	ANC	Ward 9
B Jordaan	Councillor	DA	Ward 11
T Benjamin	Councillor	ANC	Ward 12
G de Bruyn	Councillor	ANC	Proportional
A de Bruyn	Councillor	ANC	Proportional
N V Mgoqi	Alderman	ANC	Proportional
H Padayachee	Councillor	COPE	Proportional
FF B Mbanze	Councillor	DA	Proportional
L Mitchell	Councillor	DA	Proportional
W Arendze	Councillor	DA	Proportional
JJ Cillié	Alderman	DA	Proportional
P M Jordaan	Councillor	ANC	Proportional
I de Bruin	Councillor	ANC	Proportional
E Vaughan	Councillor	DA	Proportional
<i>Alderman status awarded to Councillors F J Schippers and W Arendze (Council resolution R85/2-15: Council meeting of 24.2.15)</i>			

Table 22: Council 2014/15

Below is a table which indicates the Council meetings and attendance for the 2014/15 financial year. 569 Council resolutions were taken during the year:

Meeting dates	Number of items submitted	Percentage Attendance	Percentage Apologies for non-attendance
29 July 2014 (Special Council meeting)	4	92%	100%
25 August 2014 (Special Council meeting)	3	96%	100%
28 August 2014 (Council meeting & Council In-committee meeting)	131	84%	100%
5 September 2014 (Council In-committee meeting)	1	76%	100%
15 September 2014 (Special Council meeting)	1	68%	62.5%
23 October 2014 (Council meeting, two Special council meetings & Council In-committee meeting)	90	84%	100%
4 December 2014 (Council meeting, Council In-committee meeting & Special council meeting)	65	84%	100%
21 January 2015 (Special Council meeting)	2	92%	50%
28 January 2015 (Special Council meeting)	1	92%	50%
24 February 2015 (Council meeting & Council In-committee meeting)	97	96%	100%
26 February 2015 (Special Council meeting)	4	88%	100%
6 March 2015 (Special Council meeting)	1	60%	30%
11 March 2015 (Special Council meeting)	1	84%	100%
27 March 2015 (Two Special Council meetings)	4	100%	n/a
28 April 2015 (Council meeting & Council In-committee meeting)	74	96%	100%
12 May 2015 (Special Council meeting)	2	100%	n/a
28 May 2015 (Special Council meeting)	3	100%	n/a
23 June 2015 (Council meeting & Council In-committee meeting)	100	84%	100%

Table 23: Council meetings 2014/15

2.1.2 Executive Mayoral Committee

The Executive Mayor of the Municipality, Councillor F J Schippers, assisted by the Mayoral Committee, heads the executive arm of the Municipality. The Executive Mayor is at the centre of the system of governance, since executive powers are vested in him to manage the day-to-day affairs. This means that he has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Executive Mayor, delegated by the Council, and as well as the powers assigned by legislation. Although accountable for the strategic direction and performance of the Municipality, the Executive Mayor operates in concert with the Mayoral Committee.

The name and portfolio of each Member of the Mayoral Committee is listed in the table below for the period 1 July 2014 to 30 June 2015:

Name of member	Capacity
Councillor (Mr) F J Schippers	Executive Mayor
Alderman (Mrs) S J E Steyn	Executive Deputy Mayor
Alderman (Mrs) S J E Steyn	Chairperson of Corporate Services Portfolio Committee
Councillor (Mr) N S Louw	Chairperson of Finance Portfolio Committee
Councillor (Mrs) S L van Tura	Chairperson of Engineering- and Planning Services Portfolio Committee
Councillor (Mr) F Pronk	Chairperson of Strategic and Risk Management Services Portfolio Committee
Councillor (Mr) R J Don	Chairperson of Community- and Operational Services Portfolio Committee

Table 24: Executive Mayoral Committee 2014/15

The table below indicates the dates of the Executive Mayoral Committee meetings and the number of reports submitted to Council for the 2014/15 financial year:

Meeting date	Number of items submitted to council
23 July 2014	3
20 August 2014	131
20 October 2014	90
19 November 2014	64
27 November 2014	2
21 January 2015 (Special Mayoral Committee meeting)	1
17 February 2015 (Special Mayoral-, Mayoral- and In-Committee Mayoral Committee meetings)	97
19 March 2015	2
21 April 2015	74
4 May 2015	1
22 May 2015	3
17 June 2015	96

Table 25: Executive Mayoral Committee Meetings

2.1.3 Portfolio Committees

In terms of section 80 of the Municipal Structures Act, 1998, if a council has an executive committee; it may appoint in terms of section 79 committees of councillors to assist the executive committee or executive mayor. Section 80 committees are permanent committees that specialise in a specific functional area of the municipality and may in some instances make decisions on specific functional issues. They advise the executive committee on policy matters and make recommendations to Council.

The composition of the portfolio committees for the period 1 July 2014 to 30 June 2015 are stipulated in the tables below:

Engineering- and Planning Services Portfolio Committee: Non-Delegated Authority

Name of member	Meeting dates
Councillor (Mrs) S L van Tura (Chairperson)	6 August 2014
Alderman (Mr) W Arendze	9 October 2014
Councillor (Mr) F Pronk	11 November 2014
Alderman (Mr) J J Cillié	10 February 2015
Alderman (Mr) N V Mgoqi	14 April 2015
	9 June 2015

Table 26: Engineering- and Planning Services Portfolio Committee: Non-Delegated Authority

Engineering- and Planning Services Portfolio Committee: Delegated Authority

Name of member	Meeting dates
Councillor (Mrs) S L van Tura (Chairperson)	6 August 2014
	11 September 2014
Alderman (Mr) W Arendze	9 October 2014
	11 November 2014
Councillor (Mr) F Pronk	3 December 2014
	20 January 2015
	10 February 2015
Alderman (Mr) J J Cillié	17 March 2015
	14 April 2015
Alderman (Mr) N V Mgoqi	15 May 2015
	9 June 2015

Table 27: Engineering- and Planning Services Portfolio Committee: Delegated Authority

Strategic Services & Risk Management Portfolio Committee

Name of member	Meeting dates
Councillor (Mr) F Pronk (Chairperson)	6 August 2014
Councillor (Mr) A Kruger	8 October 2014
Councillor (Mrs) L Mitchell	11 November 2014
Councillor (Mrs) E Vaughan	10 February 2015
Councillor (Mr) G de Bruyn	14 April 2015
	9 June 2015

Table 28: Strategic Services & Risk Management Portfolio Committee

Corporate Services Portfolio Committee

Name of member	Meeting dates
Alderman S J E Steyn (Chairperson)	6 August 2014
Councillor (Mr) S T Vries	8 October 2014
Councillor (Mr) A Kruger	11 November 2014
Councillor (Mrs) B Jordaan	10 February 2015
Councillor (Mrs) A de Bruyn	14 April 2015
	9 June 2015

Table 29: Corporate Services Portfolio Committee

Finance Portfolio Committee

Name of member	Meeting dates
Councillor (Mr) S Louw (Chairperson)	7 August 2014
Alderman (Mr) JJ Cillié	9 October 2014
Councillor (Mr) S T Vries	11 November 2014
Councillor (Mr) F F B Mbanze	10 February 2015
Councillor (Mr) I de Bruin	14 April 2015
	9 June 2015

Table 30: Finance Portfolio Committee

Community- and Operational Services Portfolio Committee

Name of member	Meeting dates
Councillor (Mr) R Don (Chairperson)	6 August 2014
Councillor (Mrs) S van Tura	8 October 2014
Councillor (Mrs) E Vaughan	11 November 2014
Councillor (Mr) H Padayachee	10 February 2015
Councillor (Mr) M S Biko	14 April 2015
	9 June 2015

Table 31: Community- and Operational Services Portfolio Committee

2.2 Administrative Governance Structure

The Municipal Manager is the Accounting Officer of the Municipality. He is the head of the administration, and primarily has to serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reportees, which constitutes the Senior Management Team, whose structure is outlined in the table below:

Name of Official	Department	Performance agreement signed
		(Yes/No)
Louis Scheepers	Municipal Manager	Yes
Stefan Vorster	Chief Financial Officer	Yes
Gerrit Smith	Director: Engineering and Planning Services	Yes
Jacques Marais	Director: Community and Operational Services	Yes
Phumzile Mbaliswana	Director: Corporate Services	Yes

Table 32: Administrative Governance Structure

Component B: Public Accountability

MSA S15 (b): requires a municipality to establish and organize its administration to facilitate and a culture of accountability amongst its staff. S16 (i): states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance.

S18 (i) (d): requires a municipality to supply its community with information concerning municipal governance, management and development.

Such participation is required in terms of:

- ≈ the preparation, implementation and review of the IDP;
- ≈ establishment, implementation and review of the performance management system;
- ≈ monitoring and review of the performance, including the outcomes and impact of such performance; and
- ≈ Preparation of the municipal budget.

2.3 Intergovernmental Relations

In terms of the Constitution of South Africa, all spheres of government and all organs of state within each sphere must co-operate with one another in mutual trust and good faith fostering friendly relations. They must assist and support one another; inform and consult one another on matters of common interest; coordinate their actions, adhering to agreed procedures and avoid legal proceedings against one another.

Intergovernmental Structures

To adhere to the principles of the Constitution as mentioned above the municipality actively participates in the following intergovernmental structures:

Name of Structure	Members
National Structures	
Catalytic Business Ventures	Cooperative Governance and Traditional Affairs
Provincial Structures	
Premiers Coordinating Forum	Premier and Ministers and Executive Mayors and Municipal Managers
Ministers and Mayors Committee	Ministers and Mayors
Ministers Mayor Technical Committee	Ministers and Mayors and Municipal Managers
SALGA Provincial Executive Committee	SALGA representatives and Executive Mayors and Municipal Managers
SALGA working groups	Relevant Mayoral Committee member and Director
Integrated Development Plan Indaba (Joint planning initiatives)	Western Cape Department of Local Government and Provincial Heads of Departments and Municipal Managers
Various working groups of governance forums	Provincial departments and relevant delegated municipal officials
District Structures	
District Coordinating Forum	Executive Mayor and Municipal Manager
District Coordinating Forum Technical Committee	Executive Mayor and Municipal Manager and Delegated Municipal Official
Water Monitoring	Executive Mayor and Municipal Manager
Air quality monitoring	Delegated District and Local Municipal representatives
District Integrated Development Plan / Local Economic Development	Delegated District and Local Municipal representatives

District Integrated Development Plan Coordinating Committee	Delegated District and Local Municipal representatives
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Table 33: Intergovernmental Structures

DRAFT

Joint projects and functions with Sector Departments

All the functions of government are divided between the different spheres namely National, Provincial and Local. The municipality therefore share their area and community with other spheres of government and their various sector departments and has to work closely with national and provincial departments to ensure the effective implementation of various projects and functions. The table below provides detail of such projects and functions:

Name of Project/ Function	Expected Outcome/s of the Project	Sector Department/s involved	Contribution of Sector Department
Industrial Plan	Commitment to a high economic growth path to raise incomes, reduce unemployment and improve tax base	Western Cape Department of Economic Development and Tourism	Funding and appointment of service provider for the documenting of the greater Saldanha Bay industrial plan
Infrastructure Growth Plan	Basic service delivery infrastructure analysis for the current and future growth scenarios	Western Cape Department of Local Government: Municipal Infrastructure	Documenting the Infrastructure Growth Plan based on submitted master plan data/information and considering the expected growth paths
Human Settlement Strategy	Defining and analysing the housing provision needs and different housing options	Western Cape Department of Human Settlements	Documenting the Infrastructure Growth Plan based on submitted master plan data/information and considering the expected growth paths
RSEP/VPUU (Regional Social Economic Program / Violence Prevention through Urban Upgrade)	Build safe and sustainable neighbourhoods by reducing social, cultural, economic and institutional exclusion of former townships	Western Cape Department of Environmental Affairs & Development Planning	Collaborative implementation strategy with regard to funding provision

Table 34: Joint projects and functions with Sector Departments

2.4 Public Meetings

Public meetings are held in all 13 Wards of the Municipality with the specific intention to capture Community based needs and opinion for purposes of the Integrated Development Plan and Annual Budget Process during August/ September and February/ March. These meetings inform and report on Public needs, planning and budgeting as well as Strategic Objectives

Ward Councillors with their Ward Committees also have Public meetings twice a year to discuss ward plans and service delivery shortcomings, and report on the success /failure of intended projects.

Attendance of the public is determined by their personal needs at the time of the meeting, otherwise there is very little interest shown in such meetings. Attendance is often very poor at approximately 80 – 120 people attending.

Municipal Officials from all departments are allocated to attend all public meetings to ensure attention to all matters arising.

2.4.1 Representative Forums

a) Labour Forum

The table below specifies the members of the Labour forum for the 2014/15 financial year:

Name of representative	Capacity	Meeting dates
Mrs E Steyn	Alderman	12 August 2014 9 September 2014 14 October 2014 11 November 2014 3 December 2014 11 February 2015 11 March 2015 8 April 2015 13 May 2015 10 June 2015 8 July 2015
Mr Louw	Councillor	
Ms S Vantura	Councillor	
Mr S Vries	Councillor	
Ms A De Bruyn	Councillor	
Mr L Scheepers	Management	
Mr G Smith	Management	
Mr P Mbaliswana	Management	
Mr J Marais	Management	
Mr S Vorster	Management	
Mr AE Du Plessis/Ms R Hendricks/Mrs A Delport	Management	
Mrs F Madangatya/ Ms joy Lakabane	Human Resources	
Mr E Scholtz	IMATU	
Ms K Van Wyk (Chairperson)	IMATU	
Mr H Smith	IMATU	
Mr M Mkhulisi	SAMWU	
Mr P Lewack	SAMWU	
Ms D Bruintjies	SAMWU	
Mr S Liwani	SAMWU	
Mr A Witbooi	SAMWU	
Ms J Blaauw	SAMWU	
Mr A Dingalubala	SAMWU	

Table 35: Labour Forum

2.4.2 Ward Committees

Public meetings are held in all 13 Wards of the Municipality with the specific intention to capture Community based needs and opinion for purposes of the Integrated Development Plan and Annual Budget Process during August/ September and February/ March. These meetings inform and report on Public needs, planning and budgeting as well as Strategic Objectives

Ward Councillors with their Ward Committees also have Public meetings twice a year to discuss ward plans and service delivery shortcomings, and report on the success /failure of intended projects.

Attendance of the public is determined by their personal needs at the time of the meeting, otherwise there is very little interest shown in such meetings. Attendance is often very poor at approximately 80 – 120 people attending.

Municipal Officials from all departments are allocated to attend all public meetings to ensure attention to all matters arising.

Transport is provided, where necessary, to ward committee members to attend Ward Committee meetings and functions where public participation, through the Ward Committee system is required. The venues have been established for the meetings and support personnel, through the IDP/Ward Committee clerk, have been put at their disposal.

A stipend of R500 every month has been approved for all ward committee members, provided that they attend at least one ward committee meeting per month as part of their participatory functions as ward committee members.

Ward 1: Middelpoos & Daizville West

Name of representative	Capacity representing	Number of meetings held during the year
Mzwandile Biko	Ward Councillor	12
Koos Strauss(Ward Comm. Member)	Sport & Culture	
Thandikaya Puza	Unemployment and Labour	
Thandiswa Mhlantla	Housing	
Faniswa Hali	Education & Training	
Magdalene White	Business	
Elizabeth Cloete	Health, Disability & Welfare	
Nokuzola Memani	Disability & Youth	
Ntombizethu Magxwalisa	Sport & Culture	
Balisa Magaqla	Religion & Traditional Leaders	
Dawid De Bruyn	Community Safety	

Table 36: Ward 1 Committee Meetings

Ward 2: Witteklip (RDP Houses)

Name of representative	Capacity representing	Number of meetings held during the year
Joubert Skei	Ward Councillor	12
Christina Nosipho Poswayo	Community Safety	
Martha Simmerie	Education & Training	
Ethel Manana	Business	
Anna Arries	Community Safety	
Catherine Papier	Health & Welfare	
Lehlonono Leutloa	Sport & Youth	
Victoria Flandorp	Religion / Churches	
Michael Phakamisa Khulu	Youth & Disability	
Christo Le Roux	Community Representative	
Mziwonke Xoseni	Human Settlements	

Table 37: Ward 2 Committee Meetings

Ward 3: White City

Name of representative	Capacity representing	Number of meetings held during the year
Ryan Don	Ward Councillor	12
Veon Veldtsman	Unemployment & Labour	
Charleen Van Hooi	Education & Training	
Norena Samuels	Housing	
Charles Jacobs	Business	
Sandra Williams	Local Government	
Romeo Mabuya	Health, Disability & Welfare	
Renio Lopez	Sport & Youth	
Kevin Goliath	Religion	
Stoffel Williams	Youth	
Sweetness Booi	Community Safety	

*Table 38: Ward 3 Committee Meetings***Ward 4: Diazville & RDP Houses**

Name of representative	Capacity representing	Number of meetings held during the year
Stephan Vries	Ward Councillor	12
Wuune Jacobs	Education & Training	
Nicolette Holland	Housing	
David Jones	Business	
Jerome Dirkse	Local Government	
Johanna Maarman	Health & Welfare	
Japie de Bruyn	Sport & Youth	
Chris Maart	Religion	
Yasseen Manuel	Youth	
Hailey Schuller Naido	Unemployment	
Lea Booyesen	Community Safety	

*Table 39: Ward 4 Committee Meetings***Ward 5: Saldanha Town & Jacobs Bay**

Name of representative	Capacity representing	Number of meetings held during the year
Frank Pronk	Ward Councillor	11
Mike Rothenburg	Community Representative	
Andre Wicht	Environment & Tourism	
Cillian O'Neil	Education & Training	
Davelina Nelson	Community Representative	
Mortimer Barry	Sport & Culture	

Name of representative	Capacity representing	Number of meetings held during the year
Antoinette Steenkamp	Woman / Disabled	
John De Klerk	Health & Welfare	
Andre De Beer	Community Safety	
Johan Smith	Businesses & Ratepayers	
Daan Grobler	Jacob's Bay Representative	

Table 40: Ward 5 Committee Meetings

Ward 6: Langebaan

Name of representative	Capacity representing	Number of meetings held during the year
Andre Kruger	Ward Councillor	12
Charlton Nieuwoudt	Youth, Education & Training	
Jaco Kotze	Ratepayers	
Peter Lindenberg	Community Safety	
Maryam Alie	Community Representative	
Marius Koen	Tourism	
Roy Masters	Disability & Churches	
Solene Smith	Community Representative	
Wilhelm America	Sport	
Wilna Thys	Social Welfare	

Table 41: Ward 6 Committee Meetings

Ward 7: Hopefield

Name of representative	Capacity representing	Number of meetings held during the year
Francios Schippers	Ward Councillor	12
Fabian Pietersen	Sport & Culture	
Lizelle Strydom	Business & Tourism	
Jacobus Lewis	Community Safety	
Anna Linnert	Religion	
Olga Duiker	Health & Welfare	
Jan Hanekom	Ratepayers	
William Julies	Education & Training	
Gideon Melck	Agriculture	
Leola Strydom	Community	
Geraldine Borrie	Community	

Table 42: Ward 7 Committee Meetings

Ward 8: Vredenburg & Green Village

Name of representative	Capacity representing	Number of meetings held during the year
Stephan Louw	Ward Councillor	12
Avril Williams	Community	
Inus Bester	Community	
Boxer Kotze	Religion / Churches	
Willie Goosen	Ratepayers	
Patrick Brandt	Community	
Rustin Engelbrecht	Sport	
Louis Hartzenberg	Sport	
Venessa Taylor	Community	
Anneline Niemand	Education & Training	

*Table 43: Ward 8 Committee Meetings***Ward 9: Ongegund**

Name of representative	Capacity representing	Number of meetings held during the year
Ikakanyeng Matthews Riet	Ward Councillor	12
Shelden Cakaca	Training & Education	
Lydia Lehata	Traditional Leaders	
Catrina Van Rooyen	Health	
Elliot Gans	Community Representative	
Zizipho Nabo	Community Representative	
Franklin Simpson	Religion	
Goodman Sipholi	Religion	
Mike Nyadeni	Sport & Youth	
Siyavuya Mtsolo	Businesses	
Ian Christian	Safety & Security	

*Table 44: Ward 9 Committee Meetings***Ward 10: Vredenburg & Louwville**

Name of representative	Capacity representing	Number of meetings held during the year
Elize Steyn	Ward Councillor	12
Gereldo Pieters	Sport & Culture	
Elaine Cupido	Women	
Antoinette Meyer	Community Representative	
Elizabeth Persens	Religion	
Morgan Smit	Rate Payers. Business & Tourism	
Willie Verster	Senior Citizens	
Dottie Syster	Community	

Name of representative	Capacity representing	Number of meetings held during the year
Cecelia van der Westhuizen	Community Representative	
Maryna van Heerden	Community Representative	
Cedric Villet	Community Safety	

Table 45: Ward 10 Committee Meetings

Ward 11: St. Helena Bay & Paternoster

Name of representative	Capacity representing	Number of meetings held during the year
Brenda Jordaan	Ward Councillor	12
Peter Coraizin	Fishers	
William Lamoor	Fishers	
Richard Gogwana	Community Representative	
Dora Taylor	Community Representative	
Godfrey Bailey	Community Representative	
Natalie van der Heever	Community Safety	
Berend Pieters	Sport & Culture	
Charlene Achilles	Business & Tourism	

Table 46: Table 27: Ward 11 Committee Meetings

Ward 12: Laingville

Name of representative	Capacity representing	Number of meetings held during the year
Trevor Benjamin	Ward Councillor	12
Susan Bekeer	Health & Welfare	
Sonia Van Rooyen	Community Safety	
Noxolo Rayi	Education & Training	
Nolinda Ndabakayise	Traditional Leaders	
Sivuyile Mhlana	Community	
Lewelyn Owies	Youth	
Jacob Alexander	Businesses	
Charles Jordaan	Fisherman	
Msindisi Pukwama	Sport & Recreation	
Thando Peter	Religion / Churches	

Table 47: Ward 12 Committee Meetings

Ward 13: Louwville, Yskor & Part of Self Built Scheme

Name of representative	Capacity representing	Number of meetings held during the year
Sucilla Van Tura	Ward Councillor	12
Paulina Boois	Religion	
Sophia Arnolds	Women & Children	
Zaahier Adonis	Community Safety	
Sakkie Mentoer	Sport & Culture	
Judy Stevens	Businesses & NGO's	
Thomas Lucas	Health & Social Welfare	
Denino Hendricks	Youth	
Christine Talmakkies	Education & Training	
Anna Claasens	Community Representatives	
Stanley Bowers	Community Representatives	

Table 48: Ward 13 Committee Meetings

Component D: Corporate Governance

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

2.5 Risk Management

Section 62 of the Municipal Finance Management Act (MFMA), no. 56 of 2003 that the Accounting Officer should take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control as well as the effective, efficient and economical use of the resources of the municipality.

The delegated risk management official was appointed with the first task of revising the risk management related policies and strategies.

Risk Management is one of management's core responsibilities according to section 62 of the Municipal Finance Management Act (MFMA) and is an integral part of the internal processes of a municipality. It is a systematic and formalised process to identify, assess, manage, monitor, report and address risks on a continuous basis before such risks can impact negatively on the service delivery capacity of the Saldanha Bay Municipality. When properly executed risk management provides reasonable assurance that the institution will be successful in achieving its goals and objectives.

Various engagements is held to discuss and populate risk tolerance and appetite levels to report accurately and appropriately on the individual as well as strategic risks.

The following top five risks of the municipality have been identified for which management actions plans have instituted to respond appropriately:

Risk description	Action plan
Ageing and poor infrastructure	Compilation of an infrastructure growth plan to enable appropriate planning for maintenance, upgrades and/or replacement of critical service delivery infrastructure
Declining revenue base impacting on municipal sustainability	Compilation of a long term financial plan to give effect and balance financial resources on envisaged infrastructure and/or community needs
Business process disruptions	Key information systems platforms been critically reviewed and incorporated in organisational back up and system processes
Municipal Standard Chart of Accounts (mSCOA)	Compilation of internal mSCOA implementation plan based on system acquisition as well as personnel training and implementation costs
Non-compliance to relevant laws and regulations	Collaborative project with the Provincial department on implementing the compliance model. The monitoring system will enable prompt actions on matters which must be performed to the relevant legislature listings

Table 49: Top Five Risks

The Provincial Disaster management department in conjunction with the West Coast District Municipality will be assisting the municipality with a disaster risk assessment during the 2015/2016 financial year. This will also include the development and finalising of a disaster risk management plan with related operating procedures.

Through our collaborative working relationship with Department of Environmental Affairs and Development Planning, an industrial plan is been developed to monitor the extent and potential impact of industrial activities within the municipal area.

2.6 Anti-Corruption and anti-fraud

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), section 112(1) (m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud.

2.6.1 Developed Strategies

Name of strategy	Developed Yes/No	Date Adopted/Reviewed
Fraud Prevention Strategy (inclusive of policy, control strategies and fraud response plan)	Yes	26 October 2010

Table 50: Strategies: Anti-corruption and Anti-fraud

Structural strategies according to the Fraud Prevention Strategy include the establishment of an Anti-Fraud and Corruption Committee that will oversee the approach of the Municipality approach to fraud prevention,

fraud detection strategies and response to fraud and corruption incidents reported by employees or other external parties. Such a Committee has not been established.

2.6.2 Implementation of Strategies

Strategies to implement	Key Risk Areas	Key measures to curb corruption and fraud
Structural Strategies	Possible fraud and corruption at structural Level.	<ul style="list-style-type: none"> ≈ Risk assessment coordination ≈ Suspected fraud and corruption investigations ≈ Establishment of an oversight body (Anti-Fraud and corruption Committee)
Operational Strategies	Inadequate control environment to mitigate and / or detect fraud and corruption	<ul style="list-style-type: none"> ≈ Internal Controls ≈ Fraud Prevention Strategies ≈ Fraud Detection Strategies ≈ Response Strategies
Maintenance Strategies	Outdated and inappropriate Fraud and corruption	Revision and updating of the Anti-Fraud and corruption Strategy and fraud response plan

Table 51: *Implementation of the Anti-corruption and Anti-fraud Strategies*

2.7 Audit Committee/s

Section 166(2) of the MFMA states that an audit committee is an independent advisory body which must –

(a) advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to –

- ≈ internal financial control and internal audit;
- ≈ risk management;
- ≈ accounting policies;
- ≈ the adequacy, reliability and accuracy of financial reporting information;
- ≈ performance management;
- ≈ effective governance;
- ≈ compliance with this Act, the annual Division of Revenue Act and any other applicable legislation;
- ≈ performance evaluation; and
- ≈ any other issues referred to it by the municipality

2.7.1 Functions of the Audit Committee

The Audit Committee have the following main functions as prescribed in section 166 (2) (a-e) of the Municipal Finance Management Act, 2003 which is further supplemented by the Local Government Municipal and Performance Management Regulation as well as the approved Audit Committee charter:

- ≈ To advise the Council on all matters related to compliance and effective governance.

- ≈ To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, the annual Division of Revenue Act (DoRA) and other applicable legislation.
- ≈ Respond to the council on any issues raised by the Auditor-General in the audit report.
- ≈ To carry out such investigations into the financial affairs of the municipality as the council may request.
- ≈ Perform such other functions as may be prescribed.
- ≈ To review the quarterly reports submitted to it by the internal audit.
- ≈ To evaluate audit reports pertaining to financial, administrative and technical systems.
- ≈ To review the performance management system and make recommendations in this regard to Council.
- ≈ To identify major risks to which Council is exposed and determine the extent to which risks have been minimised.
- ≈ Review the plans of the Internal Audit function and in so doing; ensure that the plan addresses the high-risk areas and ensure that adequate resources are available.
- ≈ Provide support to the Internal Audit function.
- ≈ Ensure that no restrictions or limitations are placed on the Internal Audit section.
- ≈ Evaluate the activities of the Internal Audit function in terms of their role as prescribed by legislation.

2.7.2 Members of the Audit Committee

Name of representative	Capacity	Meeting dates
Mariaan Roos	Chairperson: 1 July 2014 – March 2015	22 August 2014 19 September 2014 18 November 2014 10 March 2015
Ishmael Theletsane	Member Chairperson: March 2015 – July 2015	
Neels Kornelius	Member	

Table 52: *Members of the Audit Committee*

2.7.3 Municipal Audit Committee Recommendations

Although no formal report are submitted to Council on implementation of recommendations to address control weaknesses; the Audit Committee regularly follow up with Internal Audit and Management on state of corrective action is implemented. However in an effort to strengthen governance the audit committee, the councillor responsible for the financing portfolio and Chairperson of the Municipal Public Accounts Committee have standing invites to the Audit Committee meetings and have access to all its members as stipulated in the Audit Committee charter. Furthermore the audit committee chairperson reports to council semi-annually and met with the Mayoral committee on a quarterly basis. As part of these interactions and communications the audit committee reports on matters relating to Risk Management, Governance and Internal control and other matters that require Council / Mayoral Committee and / or Senior Management attention.

2.8 Performance audit committee

The Audit Committee also acts as the Performance Audit Committee. The Committee quarterly receives performance reports, from the official delegated to oversee performance management and the internal audit function, on the implementation and status of performance management and performance information within the organization.

2.8.1 Functions of the Performance Audit Committee

In terms of Section 14(4) (a) of the Regulations the performance audit committee has the responsibility to -

- (i) review the quarterly reports produced and submitted by the internal audit process;
- (ii) review the municipality's performance management system and make recommendations in this regard to the council of the municipality; and
- (iii) at least twice during each financial year submit a performance audit report to the council of the municipality.

2.9 Internal Auditing

Section 165 (2) (a), (b) and (c) of the MFMA requires that:

The internal audit unit of a municipality must -

- (a) prepare a risk based audit plan and an internal audit program for each financial year; and
- (b) advise the accounting officer and report to the audit committee on the implementation on the internal audit plan and matters relating to:
 - (i) Internal audit;
 - (ii) internal controls;
 - (iii) accounting procedures and practices;
 - (iv) risk and risk management;
 - (v) performance management;
 - (vi) loss control; and
 - (vii) compliance with this Act, the annual Division of Revenue Act and any other applicable legislation
- (c) perform such other duties as may be assigned to it by the accounting officer.

The Internal Audit Activity is an independent section in the office of the Municipal Manager at Saldanha Bay Municipality and forms a significant part of governance within the Municipality, thus contributing to ensure good governance and regulatory reform. Internal Audit is mandated to provide independent, objective assurance and consulting services, towards adding value and improve the Municipality's operations.

The Internal Audit Activity has assisted with the development of the Risk Management Policy, Risk Management Strategy and Fraud Prevention in line with the National Treasury prescriptions, however these

documents are in the process of review by the appointed Senior Manager: Strategic and Enterprise Risk Management Services.

Instead of performing separate Governance, Risk Management, ethics and Information and Communication reviews an integrated approach was implemented, with these areas being included and considered with the performance of all reviews in the different areas. Governance review considerations included Legislative, Policy and standard operating procedure requirements and ensuring alignment between all aspects. For the 2014/2015 financial year only three (2) risk based internal audit was included for approved plan. The limited inclusion and performance of risk based reviews was in an effort to provide sufficient time for establishing and implementation of processes and to lay the foundation to ensure all operational audit procedures is in line with the International Standards for the professional Practice of Internal Auditing (Standards) (IPPF) as prescribed by The Institute of Internal Auditors (IIA).

The results of the 3-year strategic internal audit plan are included below:

Audit Activity	2012/13	2013/14	2014/15
Hours			
General Audits			
Human resources	416	168	n/a
Town planning	288	144	n/a
Information and communication technology	424	136	n/a
Inventory management	192	130	n/a
High level governance review	n/a	368	n/a
Asset management	128	672	n/a
Operation Clean Audit Report	144	240	n/a
Local Economic Development	200	n/a	n/a
Municipal Infrastructure Management	1 056	n/a	n/a
Supply Chain Management	616	n/a	n/a
Budget Administration / Expenditure / Income Management	1 352	464	n/a
Expanded Public Works Program	n/a	320	n/a
Disaster and Emergency Services Management	n/a	200	n/a
Insurance Management	n/a	360	n/a
Building Control Management	n/a	144	n/a
Housing Management Review	n/a	n/a	472
Supply Chain Management - Deviations	n/a	n/a	288
Statutory Audits			
MFMA compliance	396	n/a	n/a
DORA compliance	528	432	n/a
Performance Management System	608	696	n/a
Department of Water Affairs and Forestry compliance	132	n/a	n/a
Process flowcharts documented			
Revenue (trade and other debtors, sundry debtors)	n/a	n/a	n/a
Traffic Fines	120	n/a	n/a

Audit Activity	2012/13	2013/14	2014/15
Hours			
Inventory Management	148	n/a	n/a
Insurance Management	120	n/a	n/a
Records Management	100	n/a	n/a
Leave Management	100	n/a	n/a
Expanded Public Works Program Process	180	n/a	n/a
Legal Services Processes	n/a	284	n/a

Table 53: Three year strategic internal audit plan

Audit Activity	Hours
General Audits	
Housing Management	734
Supply Chain Management – Deviations	288
Reliability and Credibility of reported information – Back to Basics (B2B)	316
Inventory Management	40
Collating / Referencing and Submission of requested Audit File and/or Quarterly Key control non-financial information	260
Statutory Audits	
MFMA compliance (Forms part of other detailed reviews)	n/a
DORA compliance (Statutory compliance and quarterly compliance reviews)	n/a
Performance Management System (Statutory compliance and quarterly compliance reviews)	n/a

Table 54: Annual risk based audit plan

Relating to and during the 2014/2015 financial year the following Internal Audit reports were issued:

No.	Internal Audit Reports issued
1	DoRA Statutory compliance 2014/2015
2	DoRA 2013/2014 4th Quarter
3	DoRA 2014/2015 1 st Quarter
4	DoRA 2014/2015 2 nd Quarter
5	DoRA 2014/2015 3 rd Quarter
6	PMS Statutory compliance 2014/2015
7	PMS 2013/2014 4th Quarter
8	PMS 2014/2015 1 st Quarter
9	PMS 2014/2015 2 nd Quarter
10	PMS 2014/2015 3 rd Quarter
11	Housing Management
12	Inventory Management – Annual Stock Take
13	Credibility of reported information: Back to Basics (B2B)

Table 55: Internal Audit reports issued

2.10 Supply Chain Management

2.10.1 Competitive Bids in Excess of R200 000

a) Bid Committee Meetings

The following table details the number of bid committee meetings held for the 2014/2015 financial year:

Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
75	80	36

Table 56: Bid Committee Meetings

The attendance figures of members of the bid specification committee are as follows:

Member	Percentage attendance
Departmental Manager (Chairperson)	100%
Departmental Officials from relevant department responsible for goods or services to be delivered	100%
Relevant technical expert if applicable	100%
SCM official	100%

Table 57: Attendance of members of bid specification committee

All role players are attending meetings to ensure complete specifications.

The attendance figures of members of the bid evaluation committee are as follows:

Currently 2 committees:

Member	Percentage attendance
Chairpersons (Departmental Heads: Technical Services): Technical experts)	100%
Finance	100%
Manager: Housing / Electro Technical / Human Resources	100%
SCM official	100%
Departmental Representative (User Department to present bid and supply clarification if needed)	100%

Table 58: Attendance of members of bid evaluation committee

Legal Services gives inputs if requested.

The attendance figures of members of the bid adjudication committee are as follows:

Member	Percentage attendance
Director Financial Services (Chairperson)	100%
Director Engineering and Planning Services	100%
Director Social Development and Operations	86.11%
Director Corporate Services	80.56%
Manager: Supply Chain Management	86.11%

Table 59: Attendance of members of bid adjudication committee

The percentages as indicated above include the attendance of those officials acting in the position of a bid committee member.

b) Awards Made by the Bid Adjudication Committee

The bid adjudication committee awarded **56** bids of an estimated value of **R106 210 900** (Excluding for example technical annual bids, petrol bid, consulting services, printers and cell phones)

The ten highest bids awarded by the bid adjudication committee are as follows:

Bid number	Title of bid	Directorate and section	Successful Bidder	Value of bid awarded
VR051/01	Civil Engineering Services for Paternoster (New 202 erven)	Engineering and Planning services	RJ Mullins Civils	R9 807 869
45/14	Upgrading Vredenburg Main Sewer	Engineering and Planning services	Wezan building and Civil construction CC	R8 060 304
SA14627	Construction of 142 Toilet Facilities	Engineering and Planning services	Blizzard Trading	R6 193 938
VR032/08	Stormwater Upgrades White City	Engineering and Planning services	CA Holdings	R4 238 352
87/14	Supply and delivery of heavy vehicles	Engineering and Planning services	Item1: JB's Trucks	R4 184 223
VR066/02	Upgrading of stormwater Louwville Phase 4C	Engineering and Planning services	Westland Civils CC	R4 066 684
VR036/04	Investigation and upgrading of Vredenburg Landfill site	Engineering and Planning services	Aurecon South Africa	R3 213 557
VR029/02	Supply and delivery of earthmoving equipment and plant	Engineering and Planning services	Item 1: Bell equipment	R3 148 985
VR066/01	Stormwater upgrades Middelpos	Engineering and Planning services	KP Construction	R2 917 861
87/14	Supply and delivery of heavy vehicles	Engineering and Planning services	Item 2: JB's Trucks	R2 279 381

Table 60: Ten highest bids awarded by bid adjudication committee

c) Awards Made by the Accounting Officer

In terms of paragraph 5 (2) (a) of Council's Supply Chain Management policy, only the Accounting Officer may award a bid which is in excess of R10 000 000. The power to make such an award may not be sub-delegated by the Accounting Officer. The bids awarded by the Accounting Officer were as follows:

Bid number	Title of bid	Directorate	Value of bid awarded
44/14	New pavilion, Electrical and mechanical installation	Engineering and Planning services	R21 804 210

Table 61: Awards made by Accounting Officer

d) Appeals Lodged by Aggrieved Bidders

Judgement is still outstanding on one appeal that was lodged in the High Court during 2013/14. One appeal was lodged in the High Court during 2014/15 and the matter is still under review.

e) Awards Made in terms of Preferential Procurement Regulations, 2011

All awards above R200 000 were made in terms of the above mentioned Regulation and any deviation was approved by the Municipal Manager.

2.10.2 Deviation from Normal Procurement Processes

Paragraph 36 of Council's Supply Chain Management Policy allows the Accounting Officer to dispense with the official procurement process. Deviations amounting to **R21 395 522** was approved by the Accounting Officer. The following table provides a summary of deviations approved for 2014/15:

Type of deviation	Number of deviations	Value of deviations	Percentage of total deviations value
Emergencies	128	R2 348 046	10.97%
Sole provider	131	R6 255 998	29.24%
Impractical or impossible	179	R6 558 917	30.66%
Ad Hoc Repairs	46	R1 364 904	6.38%
Strip and quote	686	R4 867 647	22.75%

Table 62: Summary of deviations

Deviations from the normal procurement processes have been monitored closely since the start of the previous financial year. Monthly reporting in terms of paragraph 36 of the SCM policy has been complied with.

2.10.3 Logistics Management

The system of logistics management must ensure the following:

- ≈ the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- ≈ the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- ≈ before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- ≈ appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- ≈ regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- ≈ Monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

Each stock item at the municipal stores, Floryn Street is coded and is listed on the financial system. Monthly monitoring of patterns of issues and receipts are performed by the Storekeeper.

Inventory levels are set at the start of each financial year. These levels are set for normal operations. In the event that special projects are being launched by departments, such information is not always communicated timely to the Stores section in order for them to gear them to order stock in excess of the normal levels.

Internal controls are in place to ensure that goods and service that are received are certified by the responsible person which is in line with the general conditions of contract.

Regular checking of the condition of stock is performed. Quarterly stock counts are performed at which surpluses, deficits, damaged and redundant stock items are identified and reported to Council.

As at 30 June 2015, the value of stock at the municipal stores amounted to **R9 425 087**. For the 2014/2015 financial year a total of **R445 363** were accounted for as surpluses, **R360 346** as deficits and **R76 895** as damaged stock items.

2.10.4 Disposal Management

The system of disposal management must ensure the following:

- ≈ immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
- ≈ movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
- ≈ Firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
- ≈ Immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
- ≈ All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- ≈ Where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
- ≈ In the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

The municipality complies with section 14 of the MFMA which deals with the disposal of capital assets. The disposal process plan was finalized in August 2010 and aims to provide the guidelines for the disposal of all obsolete and damaged assets.

2.10.5 SCM Performance Indicators

The SCM policy requires that an internal monitoring system be established and implemented in order to determine, on the basis of retrospective analysis, whether the SCM processes were followed and whether the objectives of the SCM policy were achieved.

Monitoring of internal processes is an on-going process. Standard operating procedures are being prepared; templates of required documents were distributed to all SCM role players to ensure compliance in terms of processes. All complaints are captured in a register and control measures are implemented to address the

latter. Irregular, fruitless and wasteful expenditure were identified and reports are regularly submitted to the Section 32 Committee for recommendations to Council (Section 32 of the MFMA refers). The following table details the performance for each of those key performance indicators:

Key performance indicator	2013/14	2014/15	Remarks
Ensure that tenders are successfully finalised and awarded within the validity period of the tender to enhance effective delivery of services	100%	96.75%	Extensions were approved due to unforeseen circumstances. No extensions had to be approved due to delays in the supply chain management process
Provide administrative support to the bid and adjudication committees to ensure fast and effective SCM processes	100%	100%	Committees received sufficient support from the supply chain management unit
Compliance with the SCM Act measured by the limitation of successful appeals against the municipality	0	0	-

Table 63: SCM performance indicators

2.10.6 SCM Audit Findings 2013/14

The following table provides comment on each audit finding for the 2013/14 year.

2013/14 Audit findings	Corrective action
Awards to suppliers in the service of the state	<p>The municipality currently follows the following process which is deemed to be sufficient. The municipality requests declarations from all bidders based on the NT MBD 4 form. Requests are also sent to Provincial Treasury whereby verifications are done on suppliers to ascertain whether they are in service of the state.</p> <p>If any of the principal shareholders or directors are employees of the municipality, a bid is rejected.</p> <p>If the Auditor-General during the annual regulatory audit detects any awards based on false declarations, the following process is followed:</p> <ol style="list-style-type: none"> The bid is immediately suspended; It is reported to the Municipal Public Accounts Committee and Council; and The values and facts are disclosed in the Annual Financial Statements and Annual Report.
Non-compliance with regulation 36 (1) of the Municipal Supply Chain Management Regulations - Invalid deviations for the procurement range between R10 001 and R30 000	The invalid deviation audit finding of 2012/13 of R302 471 must still be resolved and it will be included in the 2014/15 AFS.
Non-compliance with regulation 36 (1) of the Municipal Supply Chain Management Regulations - Invalid deviations for the procurement range between R30 001 and R200 000	Each deviation is evaluated against a pre-determined criteria. The person requesting a deviation prepares a formal report for consideration by the Municipal Manager, or if it is below R100,000, by the Director: EPS or Director: Community Services. Before it is considered for approval the Manager: SCM also provides comments on the legality of the deviation. The SCM template for deviation reports must be updated with the 4 questions to be answered when applying "impracticability". The R302k projected misstatement must be cleared by investigating the entire 2012/13 population.

2013/14 Audit findings	Corrective action
Non-compliance with regulation 22 (1)(b)(i) of the Municipal Supply Chain Management Regulations - Awards above R10m not advertised for at least 30 days	This is a single isolated incident.
Non-compliance with Preferential Procurement Regulation (PPR) 8.	This is a single isolated incident.
Non-compliance with regulation 18 (1) of the Construction Industry Development Board - Registration of projects not within 21 working days.	SCM has a signed SLA in place with other departments that state the all relevant contracts will be registered within 21 days of when the contract was signed. An Excel register is sent to SCM by the departments on a monthly basis listing the contracts that were signed and registered. The function has since been centralized in SCM unit to ensure compliance.

Table 64: SCM Audit Findings 2013/14

2.10.7 Financial Disclosures

Schedule 1, Section 7 as well as Schedule 2, Section 5A of the Municipal Systems Act states that when a councillor is elected or appointed or a person appointed in terms of section 56 or a municipal manager, he or she must within 60 days declare in writing to the municipal manager or the chairperson of the municipal council the following financial interests held:

- ≈ shares and securities in any company;
- ≈ membership of any close corporation;
- ≈ interest in any trust;
- ≈ directorships;
- ≈ partnerships;
- ≈ other financial interests in any business undertaking;
- ≈ employment and remuneration;
- ≈ interest in property;
- ≈ pension; and
- ≈ subsidies, grants and sponsorships by any organisation.

Any change in the nature or detail of the financial interests of any councillor or official must be declared in writing to the municipal manager or to the chairperson of the municipal council annually. The municipal council must determine which of the financial interests referred in the abovementioned list must be made public, having regard to the need for confidentiality and the public interest for disclosure.

The following table lists the disclosure of financial interests of the administrative and strategic role players of the municipality which were deemed to be disclosed for public interest:

Name	Description of Financial interests*
Executive Mayor	
Alderman F J Schippers	<ul style="list-style-type: none"> ≈ 20% shareholding in Phalafala Farming CC ≈ Director: WESGRO (travel allowance)
Member of Mayoral Committee / Executive Committee	
Alderman S J E Steyn (Deputy Executive Mayor)	None to disclose
Councillor O Daniels (Speaker)	None to disclose
Councillor R Don	None to disclose
Councillor S Louw	<ul style="list-style-type: none"> ≈ Owner of Louw Konsultasies (Tax consultancy firm) ≈ Financial interest in FM on CALL INC as tax consultant
Councillor F Pronk	<ul style="list-style-type: none"> ≈ 40% shareholding in Frank's Hardware ≈ Trustee of F & S Pronk Trust
Councillor S van Tura	<ul style="list-style-type: none"> ≈ 4200 shares in Dromedaris ≈ Director: Dromedaris (Nature and value: R6000-00)
Councillor	
Alderman W Arendze	None to disclose
Councillor T Benjamin	<ul style="list-style-type: none"> ≈ 10% shares in Oranjevis ≈ 10% shares in E.S.O.P. trust
Councillor S Biko	<ul style="list-style-type: none"> ≈ Shareholding: Telkom, JSE, Old Mutual ≈ Member of Umyuko CC ≈ Partnership: Ndimkile Trust
Councillor I de Bruin	<ul style="list-style-type: none"> ≈ 50% shares in Imvusa Trading 1224 ≈ 100 shares in Perfect Down Traders (Nominal value – R1000)
Councillor A de Bruyn	Partner: Mandla Holdings
Councillor G de Bruyn	<ul style="list-style-type: none"> ≈ 12% Majess Pty (Ltd) ≈ 10% Mmikile Comm Co (Pty) Ltd ≈ Director: IDZ ≈ Trust: G N de Bruyn Trust
Alderman J Cillié	None to disclose
Councillor B Jordaan	None to disclose
Councillor P Jordaan	<ul style="list-style-type: none"> ≈ Shareholding in Maiyba Industries (Pty) Ltd ≈ Director of Reygrande Investment Holdings ≈ Interest in trust: West Coast Community Livelihoods project ≈ Also involved in community training at Youth Empowerment Solutions
Councillor A Kruger	<ul style="list-style-type: none"> ≈ 700 Old Mutual shares ≈ 1437 Sanlam shares ≈ Presentation on the Water Quality Trust (administrative capacity) ≈ The Councillor's wife is the sole proprietor of the Walking on Water Guesthouse in Langebaan.
Councillor F Mbanze	None to disclose

Name	Description of Financial interests*
Councillor L Mitchell	None to disclose
Alderman N V Mgoqi	≈ Shareholding: Vivid Minds Pty Ltd ≈ Owner of business: N V Mgoqi Transport
Councillor H Padayachee	None to disclose
Councillor M I Riet	325 shares in Tronox Namakwa Sands
Councillor J Skei	≈ 40% shareholding in Lindiwe Logistic ≈ 50% shareholding in Hooslan Hawkers
Councillor E Vaughan	None to disclose
Councillor S Vries	30% shareholding in Iniyameka Trading
Municipal Manager	
L A Scheepers	≈ Director: 50% shareholding in African Dawn Group Holdings Pty (Ltd) ≈ Director: Boland Rugby (Pty) ≈ Naspers Mzansi shares ≈ Friemersheim Investments CC ≈ Blouelie Crescent 21CC ≈ Professional affiliate of the School of Public leadership, University of Stellenbosch
Chief Financial Officer	
S Vorster	≈ Dormant close corporation that owned a property in 2002 ≈ Partnership: "Op die werf" (partnership that owned property in Gauteng, but is in the process of selling concern in partnership)
Directors	
P Mbaliswana	≈ 119 Sasol BEE Ordinary shares ≈ 100 MTN Zakhele shares ≈ 100 Vodacom Yebo Yethu shares
G Smith	None to disclose
J G Marais	≈ 2320 Sanlam shares ≈ 4100 Old Mutual shares ≈ 200 Roodeheuveld shares ≈ Coronation Unit Trust ≈ SATRIX EFT

Table 65: Financial Disclosures

2.11 By-Laws and Policies

Section 11 of the MSA gives municipal Councils the executive and legislative authority to pass and implement by-laws and policies.

No by-laws were developed or revised by the legal services department during the 2013/14 and 2014/15 financial year as a total of 21 by-laws were revised and updated as per Provincial Notice 386-406 as promulgated in Provincial Gazette 7077 of 24 December 2012. However, budget related policies have been revised and adopted as part of the budgeting process.

2.12 Communication

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa, 1996 and other statutory enactments all impose an obligation on local government and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all.

Good customer care is clearly of fundamental importance to any organisation. A successful communication strategy therefore links the people to the municipality's programme for the year.

Below is a communication checklist of the compliance to the communication requirements:

2.12.1 Communication Activities

Communication activities	Yes/No
Communication unit	Yes, part of the Strategic and Enterprise Risk Services Unit
Communication strategy	Yes
Customer satisfaction surveys	Draft
Functional complaint management systems	System development in process
Newsletters distributed at least quarterly	Yes
Crisis Communication Procedure	Yes
Language Policy and Procedure	Yes
Media Protocol Procedure	Yes
Social Media	Yes (Facebook page)

Table 66: Communication Activities

2.12.2 Communication Unit

Number of people in the Unit	Job Titles
1	Communication and Public Relations Officer

Table 67: Communication Unit

2.12.3 Newsletters

Type of Newsletter	Number distributed	Circulation number	Date/s distributed
Internal	3	1 046	≈ September 2014 ≈ December 2014 ≈ June 2015
External	5	31 039	≈ September 2014 ≈ March 2015 ≈ April 2015 ≈ May 2015 ≈ June 2015

Table 68: Newsletters

2.12.4 Awareness Campaigns

Topic	Description	Dates	Target Groups
Mandela Month	Trolley dash for 4 families, breakfast with elderly, donations to early childhood development centres, soup kitchens	18 July 2014	All communities within the municipal area
	Mandela Day advertisement in the Weslander	24 July 2014	All communities within the municipal area
Annual budget	Breakdown of the 2014/2015 Annual Budget advertised in the Weslander	July 2014	All communities within the municipal area
	Promoted on Municipal Facebook page		
	Breakdown of the Annual Budget placed on Municipal website		
Arbor Week	Schools were visited by the municipality's horticulturist to educate pupils and raise awareness about the importance of, and roles played by trees.	1 - 7 September 2014	St Andrews, Panorama, Hopefield and St Helena Bay Primary Schools
	Promoted on the Municipal Facebook page and website		All communities within the municipal area
Recycling	Recycling advertisement in the Weslander, Municipal Facebook page and on Municipal website	September 2014 December 2014 March 2015 June 2015	All communities within the municipal area
	Waste disposal tariffs advertisement in the Weslander, Municipal Facebook page and on Municipal website	March 2015	All communities within the municipal area
Street name for Matipatisane Primary School	Learners of Matipatisane Primary School were asked to identify a name for the street. A total of 117 street names were received. Petro Street was selected and the learner laid the kerb for the street name.	July - October 2014	Matipatisane Primary School learners
	An article was placed in the Weslander	October 2014	All communities within the municipal area
Registration onto Municipal SMS Database	Advertisement in the Weslander	November 2014 (Ongoing)	All communities within the municipal area
	A notice was placed in Municipal accounts, monthly external newsletters, Municipal Facebook page and website	Ongoing	All communities within the municipal area
SHER Audit results	SHER Audit results article in the Weslander	December 2014	All communities within the municipal area
	An article was also placed on the Municipal website	December 2014	All communities within the municipal area
Christmas message	Christmas Message from the Executive Mayor advertisement placed in the Weslander	December 2014	All communities within the municipal area

Topic	Description	Dates	Target Groups
	An article was also placed on the Municipal website and Facebook page	December 2014	All communities within the municipal area
Driving licence and motor registration centre open on Saturdays	Advertisement in the Weslander to promote the opening of driving licence and motor registration centres Saturdays	February 2015 (Ongoing)	All communities within the municipal area
	A notice was also placed on the Municipal website and Facebook page	February 2015	All communities within the municipal area
Load shedding schedule	Load shedding schedules were advertised in the Weslander	February 2015 June 2015	All communities within the municipal area
	The schedules were also placed on the Municipal website, Facebook page and monthly municipal accounts.	February 2015 June 2015	All communities within the municipal area
Freedom Day	Freedom Day programme and transport plan advertised in the Weslander	April 2015	All communities within the municipal area
	Programme also placed on the Municipal Facebook page and website.	April 2015	All communities within the municipal area
Water quality and blue drop status	Water quality advertisement in the Weslander	June 2015	All communities within the municipal area
	The Municipality's water quality and blue drop status results were also placed on the Municipal Facebook page and website.	June 2015	All communities within the municipal area
Youth Day	Youth Day programme and transport plan advertised in the Weslander	June 2015	All communities within the municipal area
	Programme also placed on the Municipal Facebook page and website.	June 2015	All communities within the municipal area

Table 69: Awareness Campaigns

2.12.5 Additional Communication Channels Utilised

Channel	Yes/No	Number of People Reached
Facebook	Yes	3 066
SMS system	Yes	9 201

Table 70: Additional Communication Channels Utilised

2.12.6 Website

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of S75 of the MFMA and S21A and B of the Municipal Systems Act ("MSA") as amended.

The website should serve as a mechanism to promote accountability and transparency to communities and therefore information posted should be accurate and timeously updated.

The municipal website is a key communication mechanism in terms of service offering, information sharing and public participation. It is a communication tool that should allow easy and convenient access to relevant information. The municipal website should serve as an integral part of the municipality's communication strategy.

The table below gives an indication about the information and documents that are published on our website.

Description of information and/or document	Yes/No and/or Date published
Municipal contact details (Section 14 of the Promotion of Access to Information Act)	
Full Council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the CFO	No
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
Financial Information (Sections 53, 75, 79 and 81(1) of the Municipal Finance Management Act)	
Draft Budget 2014/15	Yes, 31 March 2014
Adjusted Budget 2014/15	Yes, 3 march 2015
Asset Management Policy	Yes, 17 June 2015
Customer Care, Credit control & Debt collection Policy	Yes, 17 June 2015
Indigent Policy	No
Funds and Reserves Policy	Yes, 17 June 2015
Investment & Cash Management Policy	Yes, 17 June 2015
Rates Policy	Yes, 17 June 2015
Supply Chain Management Policy	Yes, 9 July 2015
Tariff Policy	Yes, 24 June 2015
Virement Policy	Yes, 17 June 2015
Petty Cash Policy	No
Travel and Subsistence Policy	Yes, 29 April 2014
Long Term Financial Policy	No
Grants-In-Aid Policy	Yes, 16 January 2014
Borrowing Policy	Yes, 17 June 2015
SDBIP 2014/15	Yes, 14 July 2014
Budget and Treasury Office Structure	No
Budget and Treasury Office delegations	No
Delegations	no
Integrated Development Plan and Public Participation (Section 25(4)(b) of the Municipal Systems Act and Section 21(1)(b) of the Municipal Finance Management Act)	
Reviewed IDP for 2014/15	Yes, 31 March 2014
IDP Process Plan for 2014/15	Included in reviewed IDP

Description of information and/or document	Yes/No and/or Date published
Supply Chain Management (Sections 14(2), 33, 37 & 75(1)(e)&(f) and 120(6)(b) of the Municipal Finance Management Act and Section 18(a) of the National SCM Regulation)	
List of capital assets that have been disposed	Yes, 17 July 2015
Long Term borrowing contracts	No
SCM contracts above R30 000	Yes, daily
Contracts which impose a financial obligation on the municipality beyond 3 years	No
Section 37 of the MFMA; No 56 of 2003 (Unsolicited Bids/Contracts)	n/a
Public-Private Partnership agreement	n/a
Service delivery agreements	Yes, monthly
Public invitations for formal price quotations	Yes, daily
Reports (Sections 52(d), 71, 72 & 75(1)(c) and 129(3) of the Municipal Finance Management Act)	
Annual Report of 2013/14	Yes, 29 January 2015
Oversight reports	Yes, 23 March 2015
Mid-year budget and performance assessment	Yes, 29 January 2015
Monthly Budget Statement	Yes, monthly
Local Economic Development (Section 26(c) of the Municipal Systems Act)	
Local Economic Development Strategy	Yes, 16 January 2014
LED Policy Framework	Yes, 16 January 2014
Economic Profile	Yes, 16 January 2014
LED Projects	Yes, 16 January 2014
Performance Management (Section 75(1)(d) of the Municipal Finance Management Act)	
Performance Agreements for employees appointed as per S57 of Municipal Systems Act	Yes, 3 August 2015
Assurance Functions (Sections 62(1), 165 & 166 of the Municipal Finance Management Act)	
Internal Audit charter	Yes, 19 November 2014
Audit Committee charter	Yes, 19 November 2014
Risk Management Policy	Yes, 11 April 2014
Municipal Finance Management Internship Programme (Schedule 5B Vote 10(b) of the division of Revenue Act)	
Internship Programme Policy	No
Internship Programme Framework	No

Table 71: Information on Website

CHAPTER 3: Service Delivery Performance

OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

Performance management is a process which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality.

At local government level performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

The constitution of the RSA, 1996, section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of section 195 (1) are also linked with the concept of performance management, with reference to the principles of *inter alia*:

- ≈ the promotion of efficient, economic and effective use of resources,
- ≈ accountable public administration
- ≈ to be transparent by providing information,
- ≈ to be responsive to the needs of the community, and
- ≈ to facilitate a culture of public service and accountability amongst staff.

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organization as well as the external service providers and the Municipal Entities. This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

Legislative requirements

In terms of section 46(1)(a) a municipality must prepare for each financial year a performance report reflecting the municipality's and any service provider's performance during the financial year, including comparison with targets of and with performance in the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the

municipality for the following financial year and measures that were or are to be taken to improve performance.

Organisation performance

Strategic performance indicates how well the municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is efficient, effective and economical. Municipalities must develop strategic plans and allocate resources for the implementation. The implementation must be monitored on an on-going basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This report highlight the strategic performance in terms of the municipality's Top Layer Service Delivery Budget Implementation Plan (SDBIP), high level performance in terms of the Strategic Objectives and performance on the National Key Performance Indicators prescribed in terms of section 43 of the Municipal Systems Act, 2000.

Performance system followed for the financial year 2014/15

Adoption of a Performance Management Framework

The municipality adopted a performance management framework that was approved by Council in **September 2011**.

The IDP and the budget

The IDP and the main budget for 2014/15 was approved by council on **28 May 2014**. The IDP process and the performance management process are integrated. The IDP fulfils the planning stage of performance management. Performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP. The IDP process and the performance management process are integrated. The IDP fulfils the planning stage of performance management. Performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

Service Delivery Budget Implementation Plan

The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and budget.

The MFMA Circular No.13 prescribes that:

- ≈ The IDP and budget must be aligned
- ≈ The budget must address the strategic priorities
- ≈ The SDBIP should indicate what the municipality is going to do during next 12 months

- ≈ The SDBIP should form the basis for measuring the performance against goals set during the budget /IDP processes.

The SDBIP were prepared as described in the paragraphs below and the Top Layer SDBIP approved by the Executive Mayor on **10 June 2014**.

The municipal scorecard (Top Layer SDBIP)

The municipal scorecard (Top Layer SDBIP) consolidate service delivery targets set by Council / senior management and provide an overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities. Components of the Top Layer SDBIP include:

- ≈ **One-year** detailed plan, but should include a **three-year capital plan**
- ≈ The **four** necessary components include:
 - ~ Monthly projections of revenue to be collected for each source
 - Expected revenue to be collected, not billed
 - ~ Monthly projections of expenditure (operating and capital) and revenue for each vote
 - Section 71 format (monthly budget statements)
 - ~ Quarterly projections of service delivery targets and performance indicators for each vote
 - Non-financial, measurable performance objectives in the form of targets and indicators
 - Output, not input/internal management objectives
 - Level and standard of service being provided to the community
 - Ward information on expenditure and service delivery
 - ~ Detailed capital project plan broken down by ward over three years

Top Layer KPI's were prepared based on the following:

- ≈ Key performance indicators (KPI's) for the programmes / activities identified to address the strategic objectives as documented in the IDP in co-operation with the community who identify developmental priorities.
- ≈ KPI's identified during the IDP and KPI's that need to be reported to key municipal stakeholders.
- ≈ KPI's to address the required national minimum reporting requirements.

It is important to note that the municipal manager needs to implement the necessary systems and processes to provide the POE's for reporting and auditing purposes.

Amendment of the Top Layer SDBIP

The Top Layer SDBIP was revised with the Adjustments Budget in terms of section 26 (2)(c) of the Municipal Budget and Reporting Regulations and an amended Top Layer SDBIP was approved by the Council on **26 February 2015** through resolution **R5(c)/2-15**. The following were considered in the development of the amended Top Layer SDBIP:

- ≈ Areas to be addressed and root causes of the Auditor-General management letter, as well as the risks identified during the 2013/14 audit
- ≈ Alignment with the IDP, National KPA's, Municipal KPA's and IDP objectives

- ≈ Alignment with the Adjustments Budget
- ≈ Oversight Committee Report on the Annual Report of 2013/13
- ≈ The risks identified by the Internal Auditor during the municipal risk analysis

Actual performance

The municipality utilizes an electronic web based system on which KPI owners update actual performance on a monthly basis. KPI owners report on the results of the KPI by documenting the following information on the performance system:

- ≈ The actual result in terms of the target set.
- ≈ A performance comment.
- ≈ Actions to improve the performance against the target set, if the target was not achieved.

It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results updated.

Monitoring of the Service Delivery Budget Implementation Plan

Municipal performance is measured as follows:

- ≈ Quarterly reports was submitted to council on the actual performance in terms of the Top Layer SDBIP.
- ≈ Mid-year assessment and submission of the mid-year report to the Mayor in terms of section of Section 72(1) (a) and 52(d) of the Local Government Municipal Finance Management Act to assess the performance of the municipality during the first half of the financial year.

Individual Performance

Municipal Manager and Managers directly accountable to the Municipal Manager

The Municipal Systems Act, 2000 (Act 32 of 2000) prescribes that the municipality must enter into performance based agreements with the all s57-employees and that performance agreements must be reviewed annually. This process and the format are further regulated by Regulation 805 (August 2006). The performance agreements for the filled section 57 appointments which were filled for the 2014/15 financial year were signed as prescribed. The appraisal of the actual performance in terms of the signed agreements takes place twice per annum as regulated. The final evaluation of the 2013/14 financial year (1 January 2014 to 30 June 2014) took place on **2 September 2014** and the mid-year performance of 2014/15 (1 July 2014 to 31 December 2014) took place on **25 February 2015**.

The appraisals was done by an evaluation panel as indicated in the signed performance agreements and in terms of Regulation 805 and consisted of the following people:

- ≈ Executive Mayor
- ≈ Portfolio Chairpersons
- ≈ Municipal Manager

- ≈ Chairperson of the Audit Committee (midyear evaluation 2014/15 only)
- ≈ Member of the Audit Committee (final evaluation 2013/14 only)
- ≈ Municipal manager from other municipality
- ≈ Ward Committee member

Other Municipal Personnel

The municipality implemented individual performance management to lower level staff in annual phases. All staff on post levels T18 to T8 signed performance agreements or performance development plans for the 2014/15 financial year. The final evaluation of the 2014/15 financial year (1 January 2015 to 30 June 2015) will take place during July and August 2015 and the mid-year performance of 2014/15 (1 July 2014 to 31 December 2014) took place during January and February 2015. The evaluation of performance is done between the line manager and subordinate after whom the Departmental Head do a moderation of all the results to ensure reliable and realistic outcomes.

(PERFORMANCE REPORT PART I)

3.1 Introduction

The tables below provide an overview of the key service achievements of the municipality that came to fruition during 2014/15 in terms of the deliverables achieved against the strategic objectives of the IDP.

3.2 Strategic Service Delivery Budget Implementation Plan (Top Layer)

The purpose of strategic performance reporting is to report specifically on the implementation and achievement of IDP objectives. This section should provide an overview on the achievement of a municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer (strategic) SDBIP is the municipality's strategic plan and shows the strategic alignment between the different documents. (IDP, Budget and Performance Agreements)

In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP according to the IDP (strategic) objectives.

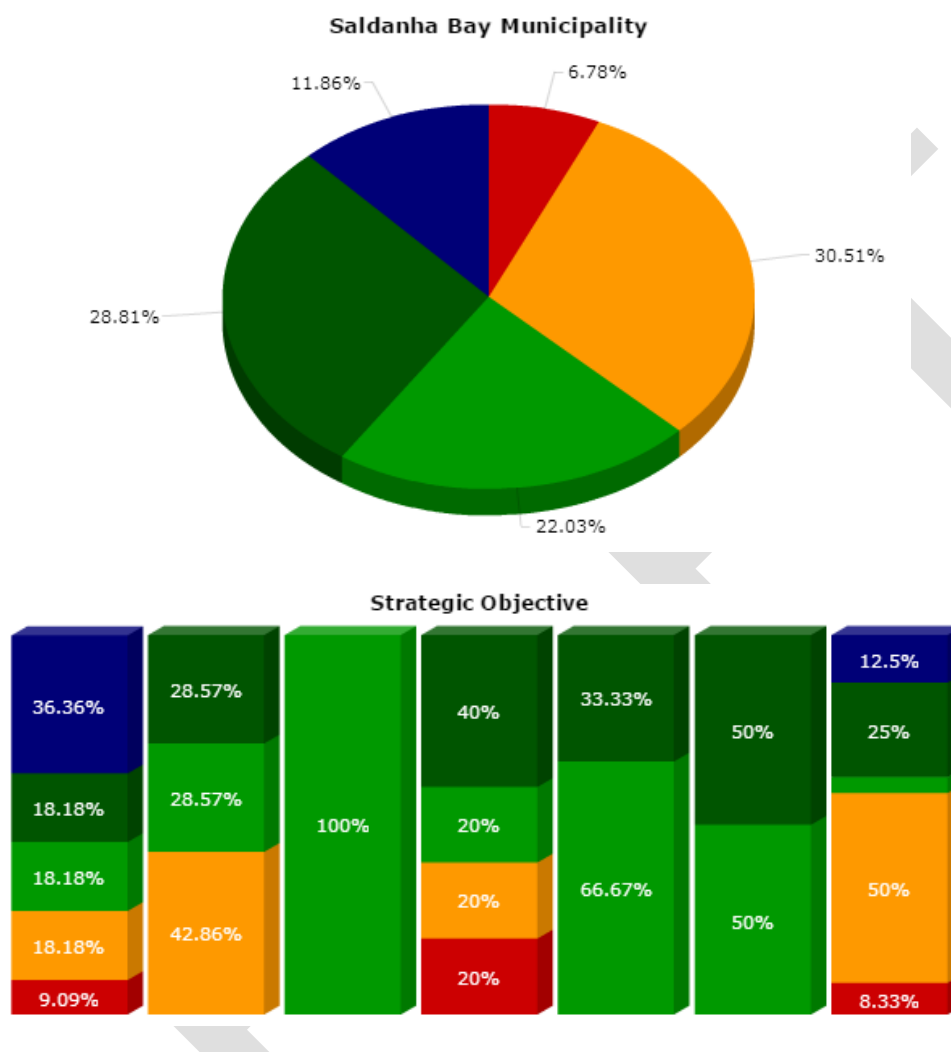
The following table explains the method by which the overall assessment of actual performance against targets set for the key performance indicators (KPI's) of the SDBIP is measured:

Category	Colour	Explanation
KPI Not Yet Measured	n/a	KPI's with no targets or actuals in the selected period
KPI Not Met	R	0% > = Actual/Target < 75%
KPI Almost Met	O	75% > = Actual/Target < 100%
KPI Met	G	Actual/Target = 100%
KPI Well Met	G2	100% > Actual/Target < 150%
KPI Extremely Well Met	B	Actual/Target > = 150%

Figure 3 SDBIP Measurement Categories

3.2.1 Overall performance as per Top Layer SDBIP

The overall performance results achieved by the Municipality in terms of the Top Layer SDBIP are indicated in the tables and graphs below according to their Strategic Objectives:



	Strategic Objective						
	An effective, efficient and sustainable developmental oriented municipal administration	To develop an integrated transport system to facilitate the seamless movement of goods and people within the municipal area and linkages with the rest of the district and the City of Cape Town.	To develop and use a multi-platform communication system to ensure swift and accurate dissemination of information	To develop safe, integrated and sustainable neighbourhoods	To diversify the economic base of the municipality through industrialisation, whilst at the same time nurturing traditional economic sectors	To ensure compliance with the tenets of good governance as prescribed by legislation and best practice	To maintain and expand basic infrastructure as a catalyst for economic development
■ KPI Not Met	1 (9.1%)	-	-	1 (20%)	-	-	2 (8.3%)
■ KPI Almost Met	2 (18.2%)	3 (42.9%)	-	1 (20%)	-	-	12 (50%)
■ KPI Met	2 (18.2%)	2 (28.6%)	1 (100%)	1 (20%)	2 (66.7%)	4 (50%)	1 (4.2%)
■ KPI Well Met	2 (18.2%)	2 (28.6%)	-	2 (40%)	1 (33.3%)	4 (50%)	6 (25%)
■ KPI Extremely Well Met	4 (36.4%)	-	-	-	-	-	3 (12.5%)
Total:	11	7	1	5	3	8	24

Graph 4: Top Layer SDBIP Performance per Strategic Objective

3.2.2 Actual performance as per Top Layer SDBIP according to strategic objectives

3.2.2.1 An effective, efficient and sustainable developmental oriented municipal administration

Ref	KPI	Unit of Measurement	Ward	Actual performance 2013/14	Performance of 2014/15						Actual	
					Targets							
					Q1	Q2	Q3	Q4	Annual			
TL1	Limit the vacancy rate to less than 5% of budgeted posts ((Number of posts filled/Total number of budgeted posts)x100)	(Number of posts filled/Total number of budgeted posts)x100	All	7.30%	0%	0%	0%	5%	5%	7.17%	R	
	Corrective Measures	Due to the huge number of terminations and the duration that it takes to appointment and let the new employee commence duty, this target was unrealistic. The target has been adjusted for the new financial year.										
TL2	Percentage of municipality's budget actually spent on implementing its workplace skills plan measured as ((Total Actual Training Expenditure/ Total Operational Budget)x100))	(Total expenditure on training/total operational budget)/100	All	0.14%	0%	0%	0%	0.05%	0.05%	0.44%	B	
TL3	Appointments in 3 highest levels of management that comply with the Employment Equity Plan	Number of appointments made	All	1	0	0	0	1	1	1	G	
TL5	Financial viability measured in terms of the available cash to cover fixed operating expenditure	Cost coverage ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)).	All	8.42	0	0	0	1.5	1.5	7.17	B	

Ref	KPI	Unit of Measurement	Ward	Actual performance 2013/14	Performance of 2014/15						Actual	
					Targets							
					Q1	Q2	Q3	Q4	Annual			
TL6	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations	Debt to Revenue (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant	All	8.30%	0%	0%	0%	15%	15%	6%	B	
TL7	Financial viability measured in terms of the outstanding service debtors	Service debtors to revenue - (Total outstanding service debtors/ revenue received for services)	All	16.06%	0%	0%	0%	18%	18%	15.01%	B	
TL8	Achieve a payment percentage of above 96%	(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance + Bad Debts Written Off)/Billed Revenue x 100	All	96.1%	0%	96%	0%	96%	96%	98.6%	G2	
TL25	Number of approved municipal building capital projects completed for the financial year	Number of projects completed	All	8	0	0	0	4	4	4	G	
TL26	95% of the municipal building capital budget spent by the end of June {(Actual capital expenditure divided by the total approved capital budget)x100}	% of the capital budget spent	All	New performance indicator for 2014/15.	15%	30%	60%	95%	95%	86%	O	
	Corrective Measures	Additional projects were added to the Capital Budget late in the financial year, inclement weather and late approvals caused delays in commencement of projects. This also caused delays in spending. Projects have been submitted for Roll over.										
TL27	95% of the municipal building maintenance budget spent by the end of June {(Actual expenditure on maintenance	% of the maintenance budget spent	All	New performance indicator for 2014/15.	15%	30%	60%	95%	95%	90.18%	O	

Ref	KPI	Unit of Measurement	Ward	Actual performance 2013/14	Performance of 2014/15						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
	divided by the total approved maintenance budget)x100}										
	Corrective Measures	Lack of capacity causes many delays in the completion of maintenance projects. The process of acquiring additional staff has commenced.									
TL34	Number of vehicles and plant purchased for the financial year	Number of vehicles and plant purchased	All	40 (Vehicles and plant)	32	49	4	11	96	135	G 2
	Note	The department is measured according to vehicles and plant purchased on the respective tenders of the financial year. The wording of the KPI was incorrectly as "vehicles purchased for the financial year" with a target of 96 items. The correct description should have been "vehicles and plant purchased for the financial year" with a target of 96. With the additional tenders included, a total of 135 vehicles and plant were purchased resulting a performance of 140.62%. A submission to change in the wording of the KPI will be submitted to council as soon as possible.									

Table 72: An effective, efficient and sustainable developmental oriented municipal administration

3.2.2.2 To develop an integrated transport system to facilitate the seamless movement of goods and people within the municipal area and linkages with the rest of the district and the City of Cape Town

Ref	KPI	Unit of Measurement	Ward	Actual performance 2013/14	Performance of 2014/15						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL39	KM's of roads resurfaced/rehabilitated	KM's resurfaced/rehabilitated	All	5.80 km	0	0	0	2	2	2	G
TL40	KM's of stormwater drainage installed	KM's installed	1; 3; 10; 6	New performance indicator for 2014/15.	0	0	0	1.88	1.88	1.9514	G 2
TL41	KM's of pedestrian walkways constructed	KM's constructed	All	New performance indicator for 2014/15.	0	0	0	18	18	15.63	O
	Corrective Measures	During construction the length of a number of sidewalks had to be adjusted due to: technical/physical on site alterations and actual tendered rates/prices. The project also started late due to tender processes that took longer than anticipated. Stricter adherence to the approved tender plan will be required.									
TL42	Number of approved roads and stormwater capital projects completed for the financial year	Number of projects completed	All	New performance indicator for 2014/15.	0	20	20	20	60	62	G 2
TL43	Number of bus/taxi stops (shelters) constructed	Number of bus/taxi stops (shelters) constructed	5; 6	New performance indicator for 2014/15.	0	0	3	0	3	3	G

Ref	KPI	Unit of Measurement	Ward	Actual performance 2013/14	Performance of 2014/15						Actual
					Targets						
					Q1	Q2	Q3	Q4	Annual		
TL44	95% of the roads and stormwater capital budget spent by the end of June {(Actual capital expenditure divided by the total approved capital budget)x100}	% of the capital budget spent	All	74%	15%	30%	60%	95%	95%	79%	O
	Corrective Measures	Tender processes for some major projects took longer than anticipated. Stricter adherence to the approved tender plan will be applied.									
TL45	95% of the roads and stormwater maintenance budget spent by the end of June {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent	All	New performance indicator for 2014/15.	15%	30%	60%	95%	95%	86.89%	O
	Corrective Measures	Funding were increased during the course of the financial year to allow for the repairs of vehicles and implements in order to minimize the impact that the defects may have on service delivery. Vehicles and implements were physically transferred to another directorate during the re-organisational period. The fuel usage maintenance of these vehicles and implements could not be adequately controlled. More accurate budgeting and planning will be implemented.									

Table 73: *To develop an integrated transport system to facilitate the seamless movement of goods and people within the municipal area and linkages with the rest of the district and the City of Cape Town*

3.2.2.3 To develop and use a multi-platform communication system to ensure swift and accurate dissemination of information

Ref	KPI	Unit of Measurement	Ward	Actual performance 2013/14	Performance of 2014/15						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL18	Review the internal and external Communication Strategy and submit to Council by end June	Revised Communication Strategy submitted to Council by end June	All	1	0	0	0	1	1	1	G

Table 74: *To develop and use a multi-platform communication system to ensure swift and accurate dissemination of information*

3.2.2.4 To develop safe, integrated and sustainable neighbourhoods

Ref	KPI	Unit of Measurement	Ward	Actual performance 2013/14	Performance of 2014/15						Actual	
					Targets							
					Q1	Q2	Q3	Q4	Annual			
TL31	Number of top structures completed in terms of the housing plan by end June	Number of top structures	11; 4	512	0	0	0	102	102	103	G 2	
TL32	Number of sites serviced by end June	Number of sites serviced by end June	4; 11; 1	354	0	0	0	443	443	473	G 2	
	Note	Serviced site is a developed plot having access to basic services such as water, sewer, electricity, roads and storm water within our residential communities. The target was set 483 (202 Paternoster, 189 Middelpas, 92 Diazville) serviced sites. At 30 June 2015 10, serviced sites in Paternoster was not completed with the 2014/15 financial year.										
TL33	100% of the housing capital budget spent by the end of June {(Actual capital expenditure divided by the total approved capital budget)x100}	% of the capital budget spent	All	New performance indicator for 2014/15.	15%	30%	60%	100%	100%	87%	O	
	Corrective Measures	Only 87% of housing budget has been spend to date. Contractors encountered delays during construction and were imposed penalties to speed up the delivery process.										
TL37	Complete a heritage study and submit to Council by the end of June	Heritage study completed and submitted to council by end June	All	Roll over KPI from 2013/14, was not completed.	0	0	0	1	1	0	R	
	Corrective Measures	2 Quotations were received in response to advertisement - 1 quotation did not meet the budgetary constraints and the other quotation specified that the project could only be undertaken in the new financial year of 2015/2016. Appointment of the tenderer that complied with the budgetary constraints to proceed in July 2015.										
TL60	Review the housing beneficiary selection policy and submit to the Portfolio Committee by the end of March	Housing beneficiary policy submitted to portfolio committee by end March	All	New performance indicator for 2014/15.	0	0	1	0	1	1	G	

Table 75: To develop safe, integrated and sustainable neighbourhoods

3.2.2.5 To diversify the economic base of the municipality through industrialisation, whilst at the same time nurturing traditional economic sectors

Ref	KPI	Unit of Measurement	Ward	Actual performance 2013/14	Performance of 2014/15						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL21	Develop at least 2 area town revitalising strategies with implementation plans and submit to Council by end February for budgetary consideration	Number of area town revitalising strategies with implementation plans developed and submitted to council by end February	All	New performance indicator for 2014/15.	0	0	2	0	2	2	G
TL23	Review the LED strategy and implementation plan and submit to Council by the end of May	Reviewed LED strategy and implementation plan submitted to Council by the end of May	All	New performance indicator for 2014/15.	0	0	1	0	1	1	G
TL35	Create temporary jobs - FTE's in terms of EPWP (Person days / FTE (230 days))	Number of FTE's created	All	264	0	0	0	70	70	99	G 2

Table 76: To diversify the economic base of the municipality through industrialisation, whilst at the same time nurturing traditional economic sectors

3.2.2.6 To ensure compliance with the tenets of good governance as prescribed by legislation and best practice

Ref	KPI	Unit of Measurement	Ward	Actual performance 2013/14	Performance of 2014/15						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL4	Compile a compliance register and submit to the MM by end June	Compliance register compiled and submitted to the MM by end June	All	New performance indicator for 2014/15.	0	0	0	1	1	1	G
TL9	Provide free basic electricity to indigent households	Number of households receiving free basic electricity	All	7825	0	0	0	7,100	7,100	7,638	G 2
TL10	Provide free basic water to indigent households	Number of households receiving free basic water	All	7207	0	0	0	7,000	7,000	7,316	G 2
TL11	Provide free basic sanitation to indigent households	Number of households receiving free basic sanitation	All	5618	0	0	0	5,400	5,400	5,903	G 2
TL12	Provide free basic refuse removal to	Number of households receiving free	All	7042	0	0	0	6,800	6,800	7,157	G 2

Ref	KPI	Unit of Measurement	Ward	Actual performance 2013/14	Performance of 2014/15						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
	indigent households	basic refuse removal									
TL13	The percentage of the municipal capital budget actually spent on capital projects identified in terms of the IDP	(Actual amount spent on projects as identified for the year in the IDP/Total amount budgeted on capital projects)X100	All	70%	0%	0%	0%	95%	95%	95%	G
TL19	Develop a 3 year strategic and one year operational risk based internal audit plan with emphasis of section 165 of the MFMA and identified high risk areas and submit to the Audit Committee by end June	3 Year strategic and one year operational risk based internal audit plan submitted to the Audit Committee by end June	All	1	0	0	0	1	1	1	G
TL20	Achieve at least a level 3 maturity rating by end June for the enterprise risk management within the municipality	Level 3 rating achieved by end June	All	New performance indicator for 2014/15.	0	0	0	1	1	1	G

Table 77: To ensure compliance with the tenets of good governance as prescribed by legislation and best practice

3.2.2.7 To maintain and expand basic infrastructure as a catalyst for economic development

Ref	KPI	Unit of Measurement	Ward	Actual performance 2013/14	Performance of 2014/15						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL14	Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network	Number of residential properties which are billed for water or have pre paid meters	All	23,102	0	0	0	22,600	22,600	23,573	G2

Ref	KPI	Unit of Measurement	Ward	Actual performance 2013/14	Performance of 2014/15						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL15	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas)	Number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas)	All	22,349	0	0	0	22,300	22,300	22,005	O
	Corrective Measures	National reporting requirement in terms of Regulation 796 only									
TL16	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets)	Number of residential properties which are billed for sewerage	All	26,297	0	0	0	20,400	20,400	23,097	G2
TL17	Number of formal residential properties for which refuse is removed once per week	Number of residential properties which are billed for refuse removal	All	23,982	0	0	0	23,900	23,900	24,459	G2
TL28	Number of approved electricity capital projects completed for the financial year	Number of projects completed	All	New performance indicator for 2014/15.	0	35	24	18	77	81	G2
TL29	95% of the electricity capital budget spent by the end of June {(Actual capital expenditure divided by the total approved capital budget)x100}	% of the capital budget spent	All	91%	15%	30%	60%	95%	95%	90%	O
	Corrective Measures	Capital Spending on 308 Radio Communications: 100%, 380 Electricity Administration: 100%, 381 Call Centre 0%, 368 Electricity Distribution: 89%, 389 Streetlights: 100% and the total of the above is 90%. There will however be some projects that could not be completed during the financial year. This is discussed in more detail in the KPI's referring to the number of projects to be completed. There are two Distribution projects that need to be rolled over and the three housing projects that need to be rolled over to the next financial year. Planning on the capital expenditure projects to ensure completion of the distribution projects that is planned for only one financial year. Housing and other multi-year projects will be indicated as part of the budget process and construction will where possible be aligned to the funding available on the budget year.									

Ref	KPI	Unit of Measurement	Ward	Actual performance 2013/14	Performance of 2014/15						Actual	
					Targets							
					Q1	Q2	Q3	Q4	Annual			
TL30	95% of the electricity maintenance budget spent by the end of June {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent	All	82.10%	15%	30%	60%	95%	95%	94%	O	
	Corrective Measures	Maintenance Spending on 308 Radios: 100%, 380 Electricity Administration: 88%, 386 Elect Distribution: 93%, 389 Streetlights 100% and the total 94%. All efforts will be made in the new financial year to follow the maintenance plan. During the financial year veriments between the different maintenance posts were done to have a more accurate budget available and this will continue in the new financial year.										
TL46	95% of the refuse removal capital budget spent by the end of June {(Actual capital expenditure divided by the total approved capital budget)x100}	% of the capital budget spent	All	70%	15%	30%	60%	95%	95%	283%	B	
TL47	95% of the refuse removal maintenance budget spent by the end of June {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent	All	New performance indicator for 2014/15.	15%	30%	60%	95%	95%	77.03%	O	
	Corrective Measures	A big portion of the operation and maintenance budget is for vehicle repairs. Funds must be available to ensure service delivery is upheld in the case of a big mechanical failure even up to the end of the financial year.										
TL48	Number of approved refuse removal capital projects completed for the financial year	Number of projects completed	All	New performance indicator for 2014/15.	0	0	0	4	4	3	O	
	Corrective Measures	Funds will be rolled over to the 2015/16 financial year. Project will be completed by September 2015.										
TL49	Number of approved sewerage capital projects completed for the financial year	Number of projects completed	All	New performance indicator for 2014/15.	0	0	0	1	1	1	G	
TL50	Achieve a 60% Green Drop compliance assessment for all Waste Water Treatment Works	% assessment achieved	All	New performance indicator for 2014/15.	0%	0%	0%	60%	60%	80.52%	G 2	

Ref	KPI	Unit of Measurement	Ward	Actual performance 2013/14	Performance of 2014/15						Actual	
					Targets							
					Q1	Q2	Q3	Q4	Annual			
TL51	95% of the sewerage capital budget spent by the end of June {(Actual capital expenditure divided by the total approved capital budget)x100}	% of the capital budget spent	All	78.33%	15%	30%	60%	95%	95%	69.38%	R	
	Corrective Measures	Most of the capital projects were completed, the Vredenburg Main Sewer project is a multi-year and continues into the next financial year. R 422 000 will remain unspent and must be carried into the next financial year to complete the purchase of the Britannia Bay land. There is an amount of R 5 395 157 for the purchase of emergency generators, this will be carried over into the next financial year. The purchase of generators is a committed contract. The delay is caused due to the long delivery time of certain sized generators. This was not foreseen as stock availability within the country was limited. This will result in the generators only being delivered in July and August 2015.										
TL52	95% of the sewerage maintenance budget spent by the end of June {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent	All	New performance indicator for 2014/15.	15%	30%	60%	95%	95%	90.04%	O	
	Corrective Measures	Maintenance was done as required. A target of 90.04% was achieved. Some funds are kept in reserve in case of larger emergency breakdowns towards the end of the financial year.										
TL53	Number of approved water capital projects completed for the financial year	Number of projects completed	All	New performance indicator for 2014/15.	0	0	1	2	3	2	R	
	Corrective Measures	Saldanha Reservoir has been completed. Problems were experienced at Louwville Reservoir. The completion date for the project has been extended to August 2015. Defects have to be corrected at the Louwville reservoir before the final completion certificate can be completed.										
TL55	95% of the water capital budget spent by the end of June {(Actual capital expenditure divided by the total approved capital budget)x100}	% of the capital budget spent	All	86.66%	15%	30%	60%	95%	95%	90%	O	
	Corrective Measures	There was a saving of R 238 164 realised on the Sterrezicht Booster project, this funds will be rolled over. R 430 821 will be rolled over for the two reservoir projects. There was an amount of R 1 322 813 still unspent for the Diazville housing units. This is however housing funds, but still reflects within the 90% spending achieved. On the larger projects contingencies make up 10% of the total project costs, even though the project is completed, it could still appear as 10% underspending if the contingencies are not used. This is one of the main reasons for the underspending.										
TL56	95% of the water maintenance budget spent by the end of June {(Actual expenditure on maintenance divided by the	% of the maintenance budget spent	All	87.10%	15%	30%	60%	95%	95%	90.90%	O	

Ref	KPI	Unit of Measurement	Ward	Actual performance 2013/14	Performance of 2014/15						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
	total approved maintenance budget)x100}										
	Corrective Measures	Maintenance carried out as required. Some funds are kept in reserve in case of larger emergency breakdowns towards the end of the financial year.									
TL57	Limit unaccounted for electricity to less than 13% {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold) / Number of Electricity Units Purchased and/or Generated) × 100}	% unaccounted electricity {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold) / Number of Electricity Units Purchased and/or Generated) × 100}	All	11.30%	0%	0%	0%	13%	13%	8.91%	B
TL58	Limit unaccounted for water to less than 15% {(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified × 100}	% unaccounted water {(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified × 100}	All	16.66%	0%	0%	0%	15%	15%	14.45%	B
TL59	95% water quality level obtained as per SANS 241 physical and micro parameters	% water quality level	All	100%	95%	95%	95%	95%	95%	100%	G2
TL61	95% of the maintenance budget spend for the Saldanha area {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent	6	New performance indicator for 2014/15.	15%	30%	60%	95%	95%	90%	O
	Corrective Measures	The planned maintenance expenditure on POS and amenities were low in the first half of the year due to an unfunded and vacant foreman position to assist with maintenance spending and had to be accelerated by seconding a foreman of Vredenburg to Saldanha. Maintenance on vehicles were low due to a fairly new fleet and no control over the vehicle maintenance budget. Sewerage maintenance low due to planned maintenance. R&M for vehicle maintenance will be excluded in the new financial year. Vendor performance need to be followed-up. A competent replacement for the position of Area Engineer is of utmost importance in case of a vacancy as was the case this year.									

Ref	KPI	Unit of Measurement	Ward	Actual performance 2013/14	Performance of 2014/15						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL62	95% of the maintenance budget spend for the Vredenburg area {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent	9; 11	New performance indicator for 2014/15.	15%	30%	60%	95%	95%	81%	O
	Corrective Measures	The R&M for vehicle maintenance is under the control of the municipal workshop with no control by the user dept. Under spending on vehicles could not be foreseen. A number of orders had to be cancelled as service providers could not finish awarded quotations and perform on tenders awarded. Maintenance of accounted assets on standard. R&M for vehicle maintenance will be excluded in the new financial year. Vendor performance need to be followed-up.									
TL63	95% of the maintenance budget spent for the Langebaan/Hope field area {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent	7; 8	New performance indicator for 2014/15.	15%	30%	60%	95%	95%	76%	O
	Corrective Measures	The delays due to the awarding of period tenders and errors on the awarded period tenders consumed critical time of the pleasant weather months. Also the appointed services provider failed to deliver and orders were cancelled. Also repairs and Maintenance pertaining mainly to the service of the trucks, implements and vehicles were not fully spent and are under the control of the workshop. Vehicle maintenance fairly low due to new fleet. R&M for vehicle maintenance will be excluded in the new financial year. Vendor performance need to be followed-up by the user department.									
TL64	95% of the percentage of maintenance budget spent for the St Helena/Paternoster area {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent	12; 13	New performance indicator for 2014/15.	15%	30%	60%	95%	95%	85%	O
	Corrective Measures	The Park, POS and Sport field section had no support structure, no supervisors or foreman, expenditure could not be adequately executed. The delays due to awarding of period tenders and errors on the awarded period tenders consumed critical time of the pleasant weather months. Maintenance of existing critical assets in possession is on par, and other assets which could not be accounted couldn't be maintained. R&M for vehicle maintenance will be excluded in the new financial year. Vendor performance need to be followed-up.									

Table 78: To maintain and expand basic infrastructure as a catalyst for economic development

3.3 Service Providers Strategic Performance

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement. According to AG's office:

- a) Service provider means a person or institution or any combination of persons and institutions which provide a municipal service
- b) External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a municipality
- c) Service delivery agreement means an agreement between a municipality and an institution or person mentioned in section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

During the year under review the municipality did not appoint any service providers who provided a municipal service to or for the benefit of the local community on behalf of the municipality and therefore this report contains no such details. All other contract appointments are regularly monitored and ensured, that the requirements of the contract is complied with.

3.4 Municipal Functions

3.4.1 Analysis of Functions

The municipal functional areas are as indicated below:

Municipal Function	Municipal Function: Yes / No
Constitution Schedule 4, Part B functions:	
Air pollution	Yes
Building regulations	Yes
Child care facilities	Yes
Electricity and gas reticulation	Yes
Firefighting services	SLA with West Coast District Municipality
Local tourism	Yes
Municipal airports	Yes
Municipal planning	Yes
Municipal health services	n/a
Municipal public transport	n/a
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	n/a
Stormwater management systems in built-up areas	Yes
Trading regulations	Yes

Municipal Function	Municipal Function: Yes / No
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
Constitution Schedule 5, Part B functions:	
Beaches and amusement facilities	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	No
Local amenities	Yes
Local sport facilities	Yes
Markets	Yes
Municipal abattoirs	n/a
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	Yes
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

Table 79: Functional Areas

3.5 Overview of largest Capital Projects Performance per Ward

Ward 1: Middelpos and Diazville West

Name of Department	Description of Capital Project	Original Budget	Adjusted Budget	Actual Spent as at 30 June 2015
		R		
Roads	Middelpos 551 units roads	4 674 000	5 639 804	5 639 804
Roads	Middelpos stormwater: Study, planning & design	3 500 000	2 109 358	410 823
Electricity: Distribution and Maintenance	MIDDELPOS 551 HOUSES MV,LV connection	1 000 000	1 000 000	1 000 000
Electricity: Distribution and Maintenance	MIDDELPOS 551 HOUSES MV,LV connection	1 330 000	830 000	488 574
Roads	Middelpos 551 units construction phase	779 000	779 000	733 748
Sewerage: Distribution	Middelpos 551 units construction phase	779 000	779 000	718 620
Electricity: Distribution and Maintenance	Middelpos 551 units consolidation	779 000	779 000	779 000
Water	Middpos 551 units consolidation	779 000	779 000	759 876
Municipal Buildings	Beehive Middelpos erf 6578	250 000	295 000	138 032
Holiday resort: Tabak Bay	Upgrading of verandas day campers	150 000	220 000	217 896
Only the largest capital projects to a maximum of 10 are listed				

Table 80: Capital projects of Ward 1: Middelpos and Diazville West

Ward 2: Witteklip

Name of Department	Description of Capital Project	Original Budget	Adjusted Budget	Actual Spent as at 30 June 2015
		R		
Roads	Tar sidewalks Witteklip	1 000 000	1 283 523	1 276 228
Municipal Buildings	Extension of hall kitchen & office	188 000	196 178	196 212
Community halls: North	Refrigerator	6 000	6 000	5 090
Community halls: North	Witteklip hall - stove	4 000	4 000	2 499
Community halls: North	Microwave	2 000	2 000	1 776
Only the largest capital projects to a maximum of 10 are listed				

Table 81: Capital projects of Ward 2: Witteklip

Ward 3: White City

Name of Department	Description of Capital Project	Original Budget	Adjusted Budget	Actual Spent as at 30 June 2015
		R		
Roads	Whitecity stormwater study plan design	4 303 429	3 103 564	2 642 057
Municipal Buildings	Multipurpose centre Whitecity	3 300 000	1 025 254	1 025 254
Roads	Paving saldanha road	500 000	400 000	71 060
Roads	Rehabilitate Schuter, Glenmist	0	357 084	357 084
Roads	Reseal Da Gama street	0	293 908	293 908
Roads	Pave Saldanha road (from Harder)	300 000	268 445	98 765
Streetlights	General requests Saldanha/Whitecity	250 000	248 442	248 441
Roads	Reseal Bonnito, Lanset and Pappegaai	0	240 000	240 000
Roads	Pave bonnito,lanset,pappegaai	250 000	218 815	240 697
Roads	Broaden stokvis str w/city	0	195 273	173 276
Only the largest capital projects to a maximum of 10 are listed				

Table 82: Capital projects of Ward 3: White City

Ward 4: Diazville

Name of Department	Description of Capital Project	Original Budget	Adjusted Budget	Actual Spent as at 30 June 2015
		R		
Roads	Diazville: erf 8261: 559 units	0	4 692 372	4 635 917
Sewerage: Distribution	Diazville: erf 8261: 559 units	0	2 131 825	595 442
Roads	Diazville: erf 8261: 559 units	0	1 500 000	1 500 000
Sewerage: Distribution	Diazville: erf 8261: 559 units	0	1 500 000	1 445 583
Electricity: Distribution and Maintenance	Diazville: erf 8261: 559 units	0	1 500 000	1 500 000
Water	Diazville: erf 8261: 559 units	0	1 500 000	177 187
Electricity: Distribution and Maintenance	Diazville Phase 2: 559 houses	1 000 000	1 000 000	999 383
Electricity: Distribution and Maintenance	Diazville Phase 2: 559 houses	700 000	700 000	235 758
Municipal Buildings	Upgrading taxi rank facility	0	683 093	683 093
Roads	Tar sidewalks Diaz road Diazville	945 000	622 873	622 873
Only the largest capital projects to a maximum of 10 are listed				

Table 83: Capital projects of Ward 4: Diazville

Ward 5: Saldanha & Jacobs Bay

Name of Department	Description of Capital Project	Original Budget	Adjusted Budget	Actual Spent as at 30 June 2015
		R		
Sport grounds: Saldanha	New rugby stadium at Saldanha sport grounds	6 346 939	6 346 939	6 547 085
Water	Additional 5.0 ML reservoir	5 961 009	5 961 009	5 867 751
Sewerage: Distribution	Upgrade networks Saldanha	2 500 000	1 788 129	1 788 129
Sport grounds: Saldanha	New rugby stadium saldanha sport grounds	8 000 000	1 653 061	1 652 254
Sport grounds: Saldanha	New rugby stadium at saldanha sport grounds	1 081 582	1 330 129	249 264
Roads: Langebaan & Hopefield	Truck Nissan CFG 21672 UD85	780 000	1 325 000	1 315 646
Water: Saldanha	Nissan truck diesel CFG 22 UD85	1 350 000	1 230 000	1 224 389
Sport grounds: Saldanha	Upgrading Saldanha sport grounds	1 000 000	1 147 142	-
Roads: Saldanha	Digger loader CFG 10248 Bell	700 000	700 000	690 567
Electricity: Distribution and Maintenance	Upgrading of Witteklip feeder	550 000	455 288	455 288
Only the largest capital projects to a maximum of 10 are listed				

Table 84: Capital projects of Ward 5: Saldanha & Jacobs Bay

Ward 6: Langebaan and Farms

Name of Department	Description of Capital Project	Original Budget	Adjusted Budget	Actual Spent as at 30 June 2015
		R		
Beaches	Rivetment rehabilitation Langebaan	1 000 000	3 123 047	2 626 546
Roads	Upgrade stormwater system Protea	2 000 000	1 461 800	758 097
Roads	Upgrade Oostewal street Langebaan	500 000	1 004 443	1 064 782
Roads: Langebaan & Hopefield	Digger loader CFG 9552 Bell	700 000	700 000	690 567
Sewerage: Distribution	Upgrade Langebaan Phase iv	1 800 000	668 022	668 022
Roads	Footpath between Dwars and Bree street	0	550 000	9 200
Solid Waste: Refuse Removal	Rehabilitation of old landfill site	2 100 000	447 838	0
Electricity: Distribution and Maintenance	SF6/vacuum switch sleight Langebaan	400 000	397 793	397 792
Public Open spaces and amenities: Langebaan & Hopefield	Entrance water feature Langebaan	300 000	290 000	196 800
Roads	Paving of sidewalks Langebaan	0	262 469	251 251
Only the largest capital projects to a maximum of 10 are listed				

Table 85: Capital projects of Ward 6: Langebaan and farms

Ward 7: Hopefield

Name of Department	Description of Capital Project	Original Budget	Adjusted Budget	Actual Spent as at 30 June 2015
		R		
Main roads	Upgrading of Voortrekker/Bridge	0	2 011 306	2 011 306
Municipal Buildings	Erf 574 hall old clinic ward	0	1 611 062	1 611 061
Water: Langebaan & Hopefield	Nissan truck diesel UD85 CFG48	1 350 000	1 230 000	1 224 389
Roads	Paving of Tuin street Hopefield 1	0	825 496	823 971
Roads	Reseal Dwarsweg, Sonneblom	0	487 496	487 495
Roads	Reseal Acasia, Oak to Lelie street	0	487 495	487 495
Roads	Rehabilitation: Bloem street	0	470 880	0
Roads	Paving sidewalks Victoria Hopefield	400 000	402 945	402 836
Roads	Rehabilitate roads & sidewalks Sand, Kort, Vrede, Marshall, Cloete, Hibiscus, Akasia, Vygie, Dwars, Vlei, Sturnus, Mars, Pluto, Jupiter, Kerk	900 000	333 527	400 127
Sport grounds: Langebaan & Hopefield	Hopefield sport grounds - upgrading	250 000	320 000	319 723
Only the largest capital projects to a maximum of 10 are listed				

Table 86: Capital projects of Ward 7: Hopefield

Ward 8: Vredenburg North, Green Village & Langebaanweg

Name of Department	Description of Capital Project	Original Budget	Adjusted Budget	Actual Spent as at 30 June 2015
		R		
Sewerage: Distribution	Upgrade Vredenburg sewerage works	0	3 000 000	2 655 912
Water	Vredenburg network upgrade Sterrezich	1 875 000	1 955 976	1 759 989
Roads: Vredenburg	Digger loader CFG 32512 Bell	700 000	700 000	690 567
Sewerage: Purification	Upgrade Vredenburg sewerage works	2 000 000	529 371	580 661
Sport grounds: Vredenburg	Upgrading of pigeon club house	360 000	420 000	420 000
Roads: Vredenburg	Truck LDV Hyundai CFG 32340	500 000	400 000	393 870
Roads	Rehabilitate & subsoil drainage nassa	450 000	384 403	384 404
Roads	Paving sidewalks Esperia Vredenburg	570 000	381 443	221 111
Electricity: Distribution and Maintenance	SF6/vacuum switch Rusfontein	0	334 046	334 046
Roads: Vredenburg	Tractor John Deere CFG 18757	370 000	315 000	313 877
Sewerage: Distribution	Upgrade Vredenburg sewerage works	0	3 000 000	2 655 912
Only the largest capital projects to a maximum of 10 are listed				

Table 87: Capital projects of Ward 8: Vredenburg North, Green Village & Langebaanweg

Ward 9: Ongegund, George Kerridge

Name of Department	Description of Capital Project	Original Budget	Adjusted Budget	Actual Spent as at 30 June 2015
		R		
Electricity: Distribution and Maintenance	George Kerridge 252 units MV, LV connections	1 500 000	1 450 640	1 450 639
Roads	Tar sidewalks Kootjieskloof Sout	375 000	333 520	90 219
Roads	Tar sidewalks Ongegund/George Kerridge	140 000	185 680	52 260
Streetlights	Upgrade rusted poles Louwville	100 000	92 054	92 054
Municipal Buildings	Extension of hall kitchen & office	70 000	90 930	90 930
Streetlights	George Kerridge, Kootjieskloof	50 000	48 855	0
Community halls: North	Industrial stove	35 000	35 000	30 140
Only the largest capital projects to a maximum of 10 are listed				

Table 88: Capital projects of Ward 9: Ongegund, George Kerridge

Ward 10: Louwville & Vredenburg South

Name of Department	Description of Capital Project	Original Budget	Adjusted Budget	Actual Spent as at 30 June 2015
		R		
Roads	Louwville stormwater phase 4	5 080 471	5 080 471	4 506 188
Water	Additional 5.0 ML reservoir Louwville	5 552 864	4 752 864	4 415 301
Sewerage: Distribution	Investigate & upgrade Vredenburg main sewer	6 042 140	3 042 140	1 732 403
Water	Additional 3.0 ML reservoir	0	2 077 261	2 070 270
Water	Additional 5.0 ML reservoir	948 324	948 188	948 187
Roads	Resurfacing of Welgemoed: Tier	0	653 063	653 063
Electricity: Distribution and Maintenance	630 kVa mini substations x 2	600 000	600 000	557 532
Roads	Reseal Columbia to Argo	0	489 383	413 888
Roads	Reseal Bergsig street, Library to Hospital	0	487 305	487 305
Municipal Buildings	Convert hall in Multi Purpose Centre Louwville	400 000	400 000	264 204
Only the largest capital projects to a maximum of 10 are listed				

Table 89: Capital projects of Ward 10: Louwville & Vredenburg South

Ward 11: Paternoster, St Helena Bay & Steenberg

Name of Department	Description of Capital Project	Original Budget	Adjusted Budget	Actual Spent as at 30 June 2015
		R		
Sewerage: Purification	Erf 11553 Duyker Eiland (Britannia)	0	5 422 000	5 000 000
Roads	Paternoster 202 units roads	3 600 000	5 090 000	4 977 978

Name of Department	Description of Capital Project	Original Budget	Adjusted Budget	Actual Spent as at 30 June 2015
		R		
Roads: Paternoster / St Helena Bay	Nissan diesel UD85 CFG 22218	780 000	1 337 000	1 315 646
Water: Paternoster / St Helena Bay	Nissan truck diesel UD85 CFG 41	1 350 000	1 230 000	1 224 389
Roads	Paternoster 202 units stormwater	600 000	1 000 000	467 979
Sewerage: Distribution	Paternoster 202 units sanitation	600 000	1 000 000	1 052 104
Electricity: Distribution and Maintenance	Paternoster 202 units electricity	600 000	1 000 000	986 976
Water	Paternoster 202 units water	600 000	1 000 000	789 484
Sewerage: Purification	Investigate & design sewerage work	250 000	742 053	615 737
Water: Paternoster / St Helena Bay	Digger loader CFG 32511 Bell	700 000	700 000	690 567
Only the largest capital projects to a maximum of 10 are listed				

Table 90: Capital projects of Ward 11: Paternoster, St Helena Bay & Steenberg

Ward 12: Laingville

Name of Department	Description of Capital Project	Original Budget	Adjusted Budget	Actual Spent as at 30 June 2015
		R		
Roads	Resurface Erica, Maartblom, KamiemmieE	900 000	845 493	845 493
Sport grounds: Paternoster / St Helena Bay	Erf 4407 Laingville sport ground	700 000	700 000	700 000
Sport grounds: Paternoster / St Helena Bay	Laingville sport grounds - Perimeter Hall	0	500 000	0
Sewerage: Purification	Laingville upgrade & sludge treatment works	2 500 000	495 000	495 686
Sport grounds: Paternoster / St Helena Bay	Upgrade of Laingville sport ground	311 000	279 426	279 426
Sport grounds: Paternoster / St Helena Bay	Laing sport grounds - erf 1003	250 000	250 000	220 200
Holiday resort: St Helena Bay	Double motor garage	150 000	169 500	100 102
Roads	Stormwater Laingville - investigation	0	133 100	133 021
Sport grounds: Paternoster / St Helena Bay	Erf 4407 Laingville sport ground	95 000	119 023	118 800
Roads	Paving of sidewalks Bontebok Laingville	0	101 037	101 037
Only the largest capital projects to a maximum of 10 are listed				

Table 91: Capital projects of Ward 12: Laingville

Ward 13: ISCOR & Selfbou

Name of Department	Description of Capital Project	Original Budget	Adjusted Budget	Actual Spent as at 30 June 2015
		R		
Sport grounds: Vredenburg	Louwville new swimming pool	6 000 000	2 000 000	706 046
Roads	Pave sidewalks Seemeeu, Maclon, Hendrik, Vink	500 000	314 225	368 997
Roads	Reseal 7th street, Kooitjieskloof	0	268 515	268 515
Roads	Paving 5th street (Abdol to Boom)	300 000	204 952	49 824
Roads	Paving 4th street Louwville	140 000	165 932	46 742
Roads	Paving Loerie louwville	150 000	160 131	158 931
Roads	Paving 6th street (Piet my vrou)	170 000	149 870	11 200
Roads	Paving Boom (4th to 6th) Louwville	150 000	105 082	105 081
Sport grounds: Vredenburg	Louwville sport erf 1003 razor wired fence	0	86 000	0
Roads	Traffic calming Erica, Kanna, Primrose	40 000	37 935	37 935
<i>Only the largest capital projects to a maximum of 10 are listed</i>				

Table 92: Capital projects of Ward 13: ISCOR & Selfbou

COMPONENT A: BASIC SERVICES

This component includes basic service delivery highlights and challenges, includes details of services provided for water, waste water (sanitation), electricity, waste management, housing services and a summary of free basic services.

The organisation is still in the process of restructuring after approval in May 2013. One of the significant changes was to move from a centralised to a decentralised service delivery model. One of the changes was the split in between Engineering and Planning Service Directorate who are responsible for all bulk services and the Community and Operational Services Directorate who are responsible for the day to day operations in each town/area.

3.6 National Key Performance Indicators – Basic Service Delivery and Local Economic Development

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the following two National Key Performance Areas: Basic Service Delivery and Local Economic Development.

KPA & INDICATORS	2013/14	2014/15
Basic Service Delivery		
The number of households with access to free basic water	7 207	7 316
The number of households with access to free basic electricity	7 825	7 638

KPA & INDICATORS	2013/14	2014/15
The number of households with access to free basic sanitation	5 618	5 903
The number of households with access to free basic solid waste removal	7 042	7 157
The number of households with access to basic level of water	*23 102	*23 573
The number of households with access to basic level of sanitation	*26 297	*23 097
The number of households with access to basic level of electricity	*22 349	*22 005
The number of households with access to basic level of solid waste removal	*23 982	*24 459
Local economic development		
The number of jobs created through municipality's local economic development initiatives including capital projects	**264	**99
<i>*Represents the number of households that were billed as at 30 June 2014 and 30 June 2015</i> <i>**Number of FTE's created in terms of EPWP</i>		

Table 93: National KPIs – Basic Service Delivery and Local Economic Development

3.7 Engineering and Planning Services: Administration, Building Maintenance & Project Management Unit

3.7.1 Total employees – Engineering and Planning Services: Administration

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 – 16	1	1	1	0	0
15 – 13	1	3	3	0	0
12 – 10	4	3	3	0	0
9 – 7	8	9	9	0	0
6 – 4	0	0	0	0	0
3 – 0	0	0	0	0	0
Undefined (Interns)	1	0	0	0	0
Total	15	16	16	0	0
As at 30 June 2015					

Table 94: Employees Engineering and Planning Services: Administration

3.7.2 Total employees – Engineering and Planning Services: Building Maintenance

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 – 16	0	0	0	0	0
15 – 13	2	2	2	0	0
12 – 10	2	2	2	0	0
9 – 7	7	8	7	1	12.5
6 – 4	3	5	3	2	40.0
3 – 0	9	10	10	0	0
Total	23	27	24	3	11.1
As at 30 June 2015					

Table 95: Engineering and Planning Services: Building Maintenance

3.7.3 Total employees – Engineering and Planning Services: Project Management Unit

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 – 16	2	3	2	1	33.3
15 – 13	3	3	3	0	0
12 – 10	1	0	0	0	0
9 – 7	0	1	1	0	0
6 – 4	0	0	0	0	0
3 – 0	0	0	0	0	0
Total	6	7	6	1	14.3
As at 30 June 2015					

Table 96: Engineering and Planning Services: Project Management Unit

3.8 Water Provision



Water upgrades: Vredenburg

Saldanha Bay Municipality has a duty to all customers or potential customers in its area of jurisdiction to progressively ensure efficient, affordable, economical and sustainable access to water services that promote sustainable livelihoods and economic development. There are no basic water services backlogs in the Saldanha Bay municipal management area in the urban areas or on the farms in the rural areas. The existing infrastructure is in a relatively good state and therefore it is important for the Municipality to maintain the existing public investment.

The highlights for the year under review were as follow:

- ≈ Construction and commissioning of a new 5Ml reservoir in Saldanha. This Reservoir will predominantly service the Diazville and Middelpoort area.
- ≈ Construction of the new Louwville supply reservoir to supply the Louwville area. Reservoir will be fully completed by September 2015.
- ≈ Upgrades completed to the Sterrezicht Booster pump station, as well as construction of new supply lines to improve conveyance to the affected higher lying areas of Vredenburg

Some of the challenges that are experienced include the following:

- ≈ Vandalism of equipment related to water distribution. This includes telemetry equipment as well.
- ≈ Limit water losses to below 15%

3.8.1 Water Statistics



Water Reservoir: Saldanha

The table below indicates water usage per sector:

Total Use of Water by Sector (cubic meters)					
Year	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2013/14	246 250	0	5 200 823	4 586 997	2 534 455
2014/15	277 619	0	5 246 175	4 905 874	2 170 069

Table 97: Total use of water by sector (cubic meters)

3.8.2 Water Service Delivery Levels

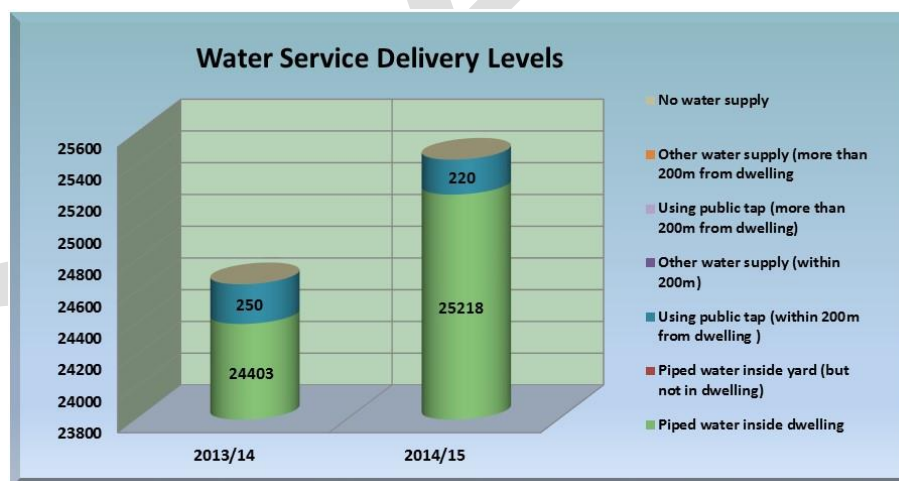
Section 4B of the Constitution lists water and sanitation services limited to potable water supply systems and domestic wastewater and sewerage disposal systems as a local government function. Basic water is defined as 25 litres of potable water per day supplied within 200 meters of a household.

Below is a table that specifies the different water service delivery levels per households for the financial years 2013/14 and 2014/15:

Description	2013/14	2014/15
Household		
<u>Water:</u> (above minimum level)		
Piped water inside dwelling	24 403	25 218
Piped water inside yard (but not in dwelling)	n/a	n/a
Using public tap (within 200m from dwelling)	250	220
Other water supply (within 200m)	0	0
Minimum Service Level and Above Sub-total	24 653	25 438
Minimum Service Level and Above Percentage	100	100
<u>Water:</u> (below minimum level)		
Using public tap (more than 200m from dwelling)	0	0
Other water supply (more than 200m from dwelling)	0	0
No water supply	0	0
Below Minimum Service Level Sub-total	0	0
Below Minimum Service Level Percentage	0	0
Total number of households (formal and informal)	24 653	25 438

Table 98: Water service delivery levels

The graph below shows the different water service delivery levels per total households:



Graph 5: Water Service Delivery Levels

3.8.3 Total employees – Water Services: Engineering and Planning Services

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 - 16	1	2	2	0	0

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
15 - 13	1	1	1	0	0
12 - 10	1	1	1	0	0
9 - 7	4	4	4	0	0
6 - 4	8	8	7	1	12.5
3 - 0	0	1	1	0	0
Total	15	17	16	1	5.9
As at 30 June 2015					

Table 99: Employees: Water Services: Engineering and Planning Services

3.8.4 Total employees – Water Services: Community and Operational Services

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 - 16	0	0	0	0	0
15 - 13	0	0	0	0	0
12 - 10	1	2	2	0	0
9 - 7	6	7	7	0	0
6 - 4	18	17	16	1	5.9
3 - 0	5	5	5	0	0
Total	30	31	30	1	3.2
As at 30 June 2015					

Table 100: Employees: Water Services: Community and Operational Services

3.8.5 Capital Expenditure – Water Services

Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
R'000					
Total all capital projects	14 337	13 660	12 991	-1346	24 275
Additional 5MI Reservoir Louwville	5 553	4 753	4 415	-1138	10 500
Additional 5MI Reservoir Saldanha	6 909	6 909	6 816	-93	10 500
Upgrade Sterrezicht supply	1 875	1 998	1 760	-115	3 275
The "total all" refers to the total of all the capital projects Only the largest capital projects are listed					

Table 101: Capital Expenditure 2014/15: Water Services

3.9 Waste water (sanitation) provision



Sewerage pump station: Saldanha

For the current financial year many sanitation related projects have been started as part of an ongoing process to improve the sanitation infrastructure and to ensure better service delivery.

Work has started on the upgrades to the Laingville WWTW, the next phase will include the upgrades to the aeration equipment and to the anoxic zone. Previous upgrades included new sludge drying beds. The current phase of the upgrades to the Vredenburg Main sewer line has also been completed. The project will continue in the new financial year. Upgrades to various pump stations in Saldanha have also been completed. The purchase of land for the new Britannia Bay WWTW has also been concluded. Emergency generators are also being purchased and will be placed at critical waste water treatment works as well as water and sewer pump stations.

A major challenge is the current problems experienced with vandalism at the various sewer pump stations and at the various WWTW's. Security measures are being improved to address these problems.

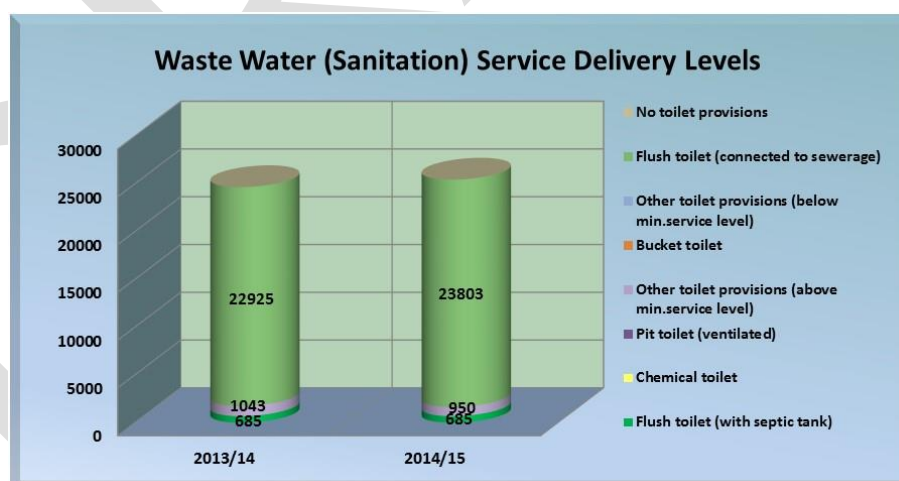
3.9.1 Waste Water (Sanitation) Service Delivery Levels

Below are a table that specifies the different sanitation service delivery levels per households for the financial years 2013/14 and 2014/15:

Description	2013/14	2014/15
	Actual	Actual
Household		
<u>Sanitation/sewerage: (above minimum level)</u>		
Flush toilet (connected to sewerage)	22 925	23 803
Flush toilet (with septic tank)	685	685
Chemical toilet	0	0
Pit toilet (ventilated)	0	0
Other toilet provisions (above minimum service level)	1 043	950
Minimum Service Level and Above Sub-total	24 653	25 438
Minimum Service Level and Above Percentage	100	100
<u>Sanitation/sewerage: (below minimum level)</u>		
Bucket toilet	0	0
Other toilet provisions (below minimum service level)	0	0
No toilet provisions	0	0
Below Minimum Service Level Sub-total	0	0
Below Minimum Service Level Percentage	0	0
Total number of households	24 653	25 438

Table 102: Sanitation service delivery levels

The graph below shows the different waste water service delivery levels per total households:



Graph 6: Waste Water (Sanitation) Service Delivery Levels

3.9.2 Total employees – Waste Water (Sanitation) Services: Engineering and Planning Services

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 – 16	0	0	0	0	0
15 – 13	1	2	2	0	0
12 – 10	0	1	1	0	0
9 – 7	10	11	11	0	0
6 – 4	16	18	17	1	5.6
3 – 0	1	3	3	0	0
Total	30	35	34	1	2.9
As at 30 June 2015					

Table 103: Employees Waste Water (Sanitation) Services: Engineering and Planning Services

3.9.3 Total employees – Sanitation Services: Community and Operational Services

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 – 16	0	0	0	0	0
15 – 13	1	0	0	0	0
12 – 10	13	1	1	0	0
9 – 7	0	10	9	1	10
6 – 4	19	25	22	3	12
3 – 0	6	7	4	3	42.9
Total	39	43	36	7	16.3
As at 30 June 2015					

Table 104: Employees Waste Water (Sanitation) Services: Community and Operational Services

3.9.4 Capital Expenditure – Sanitation Services

Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
R'000					
Total all capital projects	10 500	10 210	9 444	(766)	32 422
Upgrade Saldanha Networks	2 500	1 788	1 788	0	15 000
Upgrade Vredenburg Sewerage Works	3 000	3 000	2 656	(344)	12 000
Purchase Land Britannia Bay	5 000	5 422	5 000	(422)	5 422
<i>The "total all" refers to the total of all the capital projects Only the largest capital projects are listed</i>					

Table 105: Capital Expenditure 2014/15: Sanitation Services

3.10 Electricity

Electricity has become one of the most debated commodities due to the high tariff increases of a number of years. In addition to this there is still a generation shortage country wide and we have experienced rotational load shedding by Eskom both during the winter and summer periods.

Within the Saldanha Bay Municipal area, Eskom is the largest energy supplier, supplying energy to main industrial consumers: Acellor Mittal (Saldanha Steel), Duferco Processing, Exxaro (Namakwa Sands), Portnet, as well as to other consumers in St Helena Bay, Langebaan Mykonos area, Langebaan Road and most of the rural areas east of Sichen-Saldanha Railway line. This report will however focus on the Municipal area of supply.

Although the maximum demand of the municipal bulk purchased from Eskom increased by 7.2%, the units purchased from Eskom for reselling, decreased by 1.7%. This can be contributed to two factors: Load Shedding, and the Meter Audit of 2013/4. We experienced demand peaks demands both before and after load shedding during the evening peak. It can be contributed to the rush for preparing food before 18:00 in the residential areas as well as after 20:00 when lights, refrigerators, geysers and heaters are switched on. The reduction in units purchased is the result of the meter audit and the reduction of unmetered electricity consumption. Our unmetered energy was reduced from 11.28% to 8.91%. This is mainly the technical losses within the electrical networks. An additional method mitigating of the problem with meter tampering is the change to the split pre-paid meter where the metering unit is installed outside the house and only the keypad is inside the house. This allow for better control over the meter by the municipality. As part of the Network Master Plan, load flow studies were done on the 66kV and 11kV networks. The studies indicate that the energy losses in 66kV and 11kV portion of the network are calculated at 3.68% with the losses in Langebaan as high as 4.45%. This calculation did not include the technical losses in the 11kV/400V mini-substations and transformers or the losses of the low voltage distribution networks. The major technical losses are in the latter portion of the network and therefore the total technical losses are estimated to be between 8 and 10% depending on the network loading.

With the electricity supply area of the municipality being mainly residential areas, the load patterns are typical winter evening peaks. The exception is Langebaan with a summer peak which can be contributed to the summer holiday period.

Although electricity generation is not a local government function, there are two renewable energy wind generation power plants within our municipal area. The one in Hopefield was commissioned early in 2014 and is contributing to the national energy grid. The second at Fransvlei between Vredenburg and St Helena Bay, was commissioned during 2015.

With regard to vandalism and copper theft in the area, we are working in close corporation with the Vredenburg Police Cluster team on Non-ferrous metal theft. By assisting them to identify stolen copper, some arrests have been made. It still remains a challenge to get the community to assist with this.

The availability rate of electricity supplied by the municipality to its consumers was badly affected by load shedding. The Vredenburg area was the worst hit with unavailability of 2.04% due to load shedding and 0.13% due to faults on the main distribution networks. The Saldanha Area had no main distribution network faults and unavailability due to load shedding was 0.97%. In Langebaan faults on the main Distribution contributed to unavailability of 0.01% and load shedding to 1.62%. Distribution Network fault unavailability for Hopefield is currently not available but should be available in future following the commissioning of the Eskom new supply point.

3.10.1 Electricity Statistics

The table below provides detail on the Notified Maximum Demand:

Major towns	Notified Maximum Demand (NMD)	Maximum Demand Growth (NMD)	Maximum Demand Peak (NMD)
	kVA	%	kVA
Vredenburg/Saldanha	40 000	2.86%	34 463
NOK Industrial	3 000	22.86%	3 485
Langebaan	10 000	15.12%	8 647
Hopefield	3 200	17.24%	2 880

Table 106: Electricity Notified Maximum Demand

The NOK Industrial feeder exceeded the authorised Maximum demand. This was due to network operational matters when a portion of Saldanha was fed from this feeder. Arrangements with Eskom have already been made to increase the authorised demand to 10 MVA based on the actual application of the IDZ when they have finalized their detail planning for the electrical requirements of the development.

The notified maximum demand of the Hopefield bulk purchase point was increased from 2000kVA to 3200KVA. This was after exceeding the demand for the last two years and with the commissioning of the new supply point in April 2015. The new supply point is now fed from a separate breaker on the Eskom network and it will increase the security of supply since it is now separated from the rest of the Eskom rural networks.

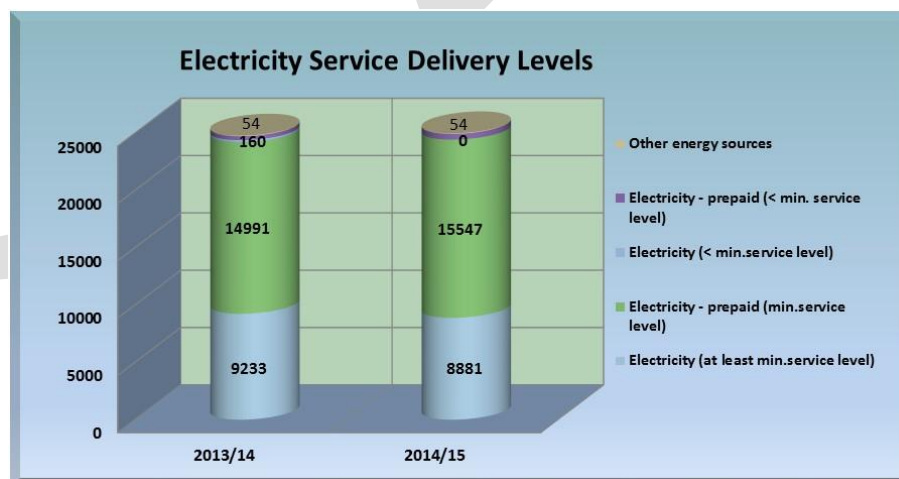
3.10.2 Electricity Service Delivery Levels

The table below indicates the different service delivery level standards for electricity within the Municipality and includes informal areas:

Description	2013/14	2014/15
	Actual	Actual
Household		
<i>Energy: (above minimum level)</i>		
Electricity (at least minimum service level)	9 233	8 881
Electricity - prepaid (minimum service level)	14 991	15 547
<i>Minimum Service Level and Above Sub-total</i>	24 224	24 428
<i>Minimum Service Level and Above Percentage</i>	97.62	97.88
<i>Energy: (below minimum level)</i>		
Electricity (< minimum service level)	160	0
Electricity - prepaid (< min. service level)	344	504
Other energy sources	54	54
<i>Below Minimum Service Level Sub-total</i>	558	558
<i>Below Minimum Service Level Percentage</i>	2.37%	2.23%
Total number of households	24 782	24 986

Table 107: Electricity Service Delivery Levels

Below are a table that specifies the different electricity service delivery levels per households:



Graph 7: Electricity Service Delivery Levels

3.10.3 Total employees – Electricity Services: Engineering and Planning Services

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 – 16	3	3	3	0	0
15 – 13	7	5	5	0	0
12 – 10	15	18	18	0	0
9 – 7	11	13	13	0	0
6 – 4	31	35	31	4	11.4
3 – 0	1	0	0	0	0
Total	68	74	70	4	5.4
As at 30 June 2015					

Table 108: Employees Electricity services: Engineering and Planning Services

3.10.4 Capital Expenditure – Electricity Services

Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
R'000					
Total all capital projects	27 032	23 423	21 549	(5 483)	21 549
Upgrading of 66kV Feeders	600	590	590	(10)	590
Upgrading of Witteklip Feeder	550	455	455	(95)	455
185mm Ring Network Vredenburg	500	462	457	(43)	457
Mini-substations	1 780	1 369	1 326	(454)	1 326
Switchgear	1 800	2 020	2 020	220	2 020
Diazville Housing (Multiyear)	1 700	1 700	1 235	(465)	2 000
Middelpos Housing (Multiyear)	3 830	2 013	1 490	(2 340)	4 500
George Kerridge Housing	1 500	1 451	1 451	(49)	1 451
The "total all" refers to the total of all the capital projects Only the largest capital projects are listed					

Table 109: Capital Expenditure 2014/15: Electricity Services

R 11.3 million of the original budgets was for housing related projects that were dependent on the completion of civil services and the completion of the top structures. This led to adjustments to the budget and an under spending of 8% on the adjusted budget. These funds will be rolled over to the next financial year to complete the housing projects.

3.11 Waste management (Refuse collections, waste disposal, street cleaning and recycling)



Maintenance teams employed to improve cleanliness of towns

The Saldanha Bay Municipality recently launched an Expanded Public Works Programme (EPWP) maintenance team to assist the town engineers in the following towns: Vredenburg (Louwville, Vredenburg town, Green Village, Witteklip and Ongegund), Saldanha (White City, Diazville, Middelpas and Saldanha town), St Helena Bay (Laingville and Paternoster), Hopefield and Langebaan. The teams are contracted by the Municipality for the 2014/2015 financial year and are given three monthly contracts. This intervention was made possible by Council to improve the overall cleanliness of our towns and to fast track current visible service delivery challenges such as parks, public open spaces, potholes, illegal dumping, etc. These maintenance teams will go through various specialised training programmes and on the job training in order to acquire the necessary skills in different disciplines and also to up skill those with limited skills.



An all-female Expanded Public Works Programme (EPWP) team clears an open space on the corners of Kootjieskloof Street and Suikerbos Avenue in Louwville, Vredenburg (Ward 13) in an effort to tidy up the littered public space

Refuse removal is completed according to the weekly schedule and 100% of households, industry and other points receive a refuse removal service. We supply 240L Wheelie bins to all of our service points. Our Materials Recovery Facility (MRF) was operational for 10 months during 2014/15, as the contract expired 30 April 2015. The recycling effort has decreased waste to landfill by 2%. We ensure adequate Wheelie bins are kept in stock to issue replacements due to damaged/aged bins and theft. One new refuse compactors was also added to our fleet.

We employed 12 Youth Jobs in Waste employees in the following categories:

- ≈ 6 awareness campaigners
- ≈ 2 Landfill site supervisors
- ≈ 4 admin assistants

A new tender is underway for the recycling facility and includes various additions to increase waste diverted from landfill including composting and the introduction of a two bag system. Saldanha Bay municipality is also in discussions with West Coast Power Solutions to reduce waste to landfill even further by producing biogas.

Vredenburg Landfill's extension is in the planning phase with consultants nearing the Basic assessment stage. The closure of Langebaan landfill site and the establishment of a waste management facility have shown progress with a draft feasibility study completed and notice of intent sent to DEA.

Diazville Transfer stations boundary wall height has been increased by 1m to prevent unauthorised entry, the office has been renovated, and security has been appointed. These additions have led to a remarkable improvement in the appearance and operation of the facility.

The Solid Waste Depot was upgraded, and now has additional office space, board room and bathrooms. The construction of a new Wash bay is underway with completion set at October 2015. The Wash bay will provide much needed assistance to ensure cleanliness of the solid waste fleet and Municipal fleet as a whole.

3.11.1 Waste management (Refuse removal) Service Delivery Levels

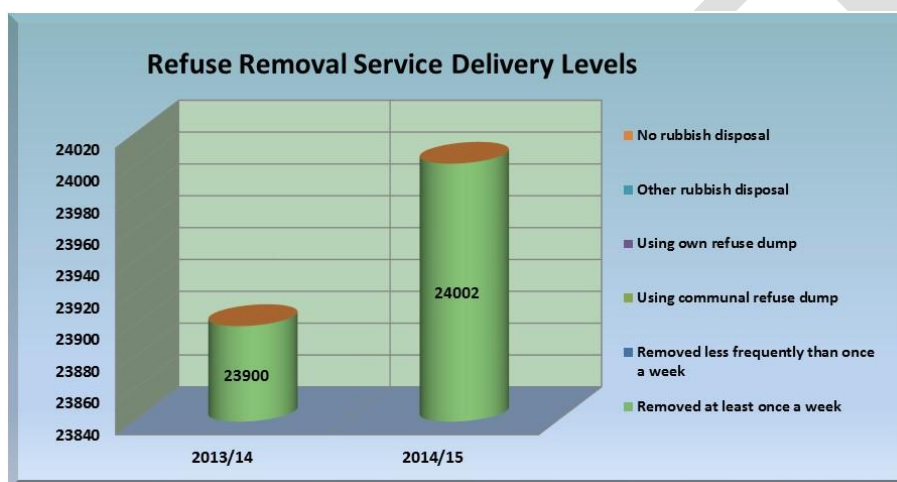
The table below indicates the different refuse removal service delivery level standards **within the urban edge area** of the Municipality:

Description	2013/14	2014/15
	Outcome	Actual
Household		
<u>Refuse Removal:</u> (Minimum level)		
Removed at least once a week	23 900	24 002
<i>Minimum Service Level and Above Sub-total</i>	23 900	24 002
<i>Minimum Service Level and Above Percentage</i>	100	100
<u>Refuse Removal:</u> (Below minimum level)		
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0
Using own refuse dump	0	0

Description	2013/14	2014/15
	Outcome	Actual
Household		
Other rubbish disposal	0	0
No rubbish disposal	0	0
<i>Below Minimum Service Level Sub-total</i>	0	0
<i>Below Minimum Service Level percentage</i>	0	0
Total number of households	23 900	24 002

Table 110: Refuse removal service delivery levels

The graph below shows the different Refuse Removal service delivery levels per total households:



Graph 8: Refuse Removal Service Delivery Levels

3.11.2 Total employees – Waste Management (Refuse removal) Services: Engineering and Planning Services

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 – 16	1	1	1	0	0
15 – 13	1	1	1	0	0
12 – 10	4	4	4	0	0
9 – 7	27	26	23	3	11.5
6 – 4	7	11	8	3	27.3
3 – 0	62	65	63	2	3.1
Total	102	108	100	8	7.4

As at 30 June 2015

Table 111: Employees Waste Management (Refuse removal) Services: Engineering and Planning Services

3.11.3 Capital Expenditure – Waste Management Services

Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
R'000					
Total all capital projects	5 900	7 273	6 280	380	6 280
Mobile Refuse Bins	1 600	796	796	(804)	796
Recycling Domes	200	27	27	(173)	27
Pole Bins	200	206	206	6	206
Skips	200	164	164	(36)	164
New refuse compactor	1 900	1 910	1 910	10	1 910
Truck Nissan CFG 2579	800	599	599	(201)	599
Construction of Wash Bay	0	1 064	326	326	326
Renovation of offices	0	1 787	1 532	1 532	1 532
Development of Vredenburg Landfill	1 000	298	298	(702)	298
Installation of New Weighbridge	0	422	422	422	422
<i>The "total all" refers to the total of all the capital projects Only the largest capital projects are listed</i>					

Table 112: Capital Expenditure – Waste Management (Refuse removal) Services

3.12 Housing

The Human Settlements function within Saldanha Bay Municipality has been split into different sections in order to optimally utilize the resources of the municipality.

Beneficiary Administration are managed by the Community and Operational Services Directorate and Engineering and Planning Services Directorate is responsible for the top structures, whilst the Administration Directorate is responsible for the title deed administration and the Office of the Municipal Manager is dealing with pipeline implementation.

In order to enable the municipality to accommodate the migration of jobseekers within the IDZ, it is necessary to plan ahead. The establishment of site and service plots within the municipality is underway with Laingville being a pilot to accommodate 266 households. Further implementation of site and services plots are underway within George Kerridge/ Witteklip (Vredenburg) as well Middelpas (Saldanha).

The highlights for the year under review were as follow:

- ≈ The completion of the Wesbank Project and the approval of the outstanding beneficiaries [a total of four (4)]
- ≈ During the 2014/15 financial year 443 service sites and 102 top structures were constructed under the PHP and UISP programme

Some of the challenges that were experienced include the following:

- ≈ The Individual Subsidy Programme – only open for two weeks 01 April 2015- 15 April 2015
- ≈ Delays were experienced with the appointment of the PHP Building contractor for Diazville 102 top structures.

3.12.1 Housing statistics

The following table shows the increase in the number of people on the housing waiting list. There are currently **8 046** applicants on the waiting list. A total number of **192** people were registered on the Municipality's waiting list during the year.

Housing waiting list	Nr of people on Housing waiting list	% Housing waiting list increase
2013/14	7 854	(6.3)
2014/15	8 046	2.4

Table 113: Housing waiting list

3.12.2 Capital Expenditure – Housing

Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
R'000					
Total all capital projects	14 739	30 670	26 584	11 845	45 939
Diazville: ERF 8261:559 Units	0	4 692	4 636	4 636	25 119
Diazville: ERF 8261:559 Units	0	1 500	1 500	1 500	
Diazville: ERF 8261:559 Units	0	1 500	1 446	1 446	
Diazville ERF 821: 559 Units	0	1 500	1 500	1 500	
Diazville: ERF 8261:559 Units	0	1 500	177	177	
Diazville: ERF 8261:559 Units	0	2 132	595	595	
Middelpos 551 Units Roads	4 674	5 640	5 640	966	10 101
Middelpos 551 Units Cons Phase	779	779	734	(45)	
Middelpos 551 Units Cons Phase	779	779	719	(60)	
Middelpos 551 Units Consolidation	779	779	779	0	
Middelpos 551 Units Consolidation	779	779	760	(19)	
Paternoster 202 Units Roads	3 600	5 090	4 978	1 378	10 719
Paternoster 202 Units Stormwater	600	1 000	292	(308)	
Paternoster 202 Units Sanitation	600	1 000	1 052	452	
Paternoster 202 Units Electricity	600	1 000	987	387	
Paternoster 202 Units Water	600	1 000	789	189	
St Helena Laingville UISP Road	149	0	0	(149)	0
St Helena Laingville UISP Storage	400	0	0	(400)	

Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
St Helena Laingville UISP sewerage	400	0	0	(400)	

Table 114: Capital Expenditure: Housing

A total amount of **R8 222 837** was allocated to build houses and to purchase land during the 2014/15 financial year under review, includes:

Financial year	Allocation	Amount spent	% spent	Number of houses built	Number of sites serviced
	R'000	R'000			
2013/14	22 184	14 106	63.58%	511	354
2014/15	8 223	8 891	108.13%	102	443

Table 115: Housing Allocation

3.13 Free Basic Services and Indigent Support

The following table indicates the percentage of indigent households that have access to free basic municipal services. In accordance with the approved indigent policy of the municipality, all households earning less than **R 4 300** per month received the free basic services as prescribed by national policy with a second category earning more than **R 4 301** but less than **R 5 350** received a 70% subsidy of the first category in terms of Saldanha Bay Municipality's indigent policy.

3.13.1 Access to Free Basic Services

Year	Number of households								
	Total no. of HH	Households earning less than R 3 500 per month							
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse Removal	
		Access	%	Access	%	Access	%	Access	%
2013/14	32 529	7 207	22.1	5 618	17.3	7 825	24.0	7 042	21.7
2014/15	33 862	7 316	21.6	5 903	17.3	7 638	22. 6	7 157	21.1

Table 116: Access to Free Basic Services

An application for indigent subsidy must be completed by all consumers who qualify in terms of Saldanha Bay's Indigent Policy. The approval of the application for subsidy is subject to certain criteria as per the policy.

Services subsidised are:

- ≈ Water: Basic charge & 6kl
- ≈ Electricity: Basic charge & 50 kWh
- ≈ Sanitation: Based on a 250m² erf
- ≈ Refuse: 4 removals per month (1 per week)

≈ Basic charge for site rental at informal settlements

≈ Assessment rates (rebate of R50 000 & additional R85 000 on total valuation)

Grants received for the 2014/15 book year and specifically reserved for indigent households was **R29 498 914** of which expenditure amounted to **R29 498 914**.

Indigent subsidy was also extended to Public benefit organisations by means of subsidising the services account by 50% in order to assist inhabitants of such organisations.

The access to free basic services is summarised into the different services as specified in the following table:

Electricity									
Financial year	Indigent Households			Non-indigent households			Households in Eskom areas		
	No of HH	Unit per HH (kwh)	Value (R'000)	No of HH	Unit per HH (kwh)	Value (R'000)	No of HH	Unit per HH (kwh)	Value (R'000)
2013/14	7 825	50/25	5 305	14 475	0	0	847	50/25	392
2014/15	6 740	50/35	5 608	15 080	0	0	898	50/35	236

Table 117: Free basic Electricity services to indigent households

Water						
Financial year	Indigent Households			Non-indigent households		
	No of HH	Unit per HH (kl)	Value (R'000)	No of HH	Unit per HH (kl)	Value (R'000)
2013/14	7 207	6/3	1 834	0	0	0
2014/15	7 316	6/4	7 035	0	0	0

Table 118: Free basic Water services to indigent households

Sanitation						
Financial year	Indigent Households			Non-indigent households		
	No of HH	R value per HH	Value (R'000)	No of HH	Unit per HH per month	Value (R'000)
2013/14	5 618	56.07	2 419	0	0	0
2014/15	5 903	60.56	3 675	0	0	0

Table 119: Free basic Sanitation services to indigent households

Refuse Removal						
Financial year	Indigent Households			Non-indigent households		
	No of HH	Service per HH per week	Value (R'000)	No of HH	Unit per HH per month	Value (R'000)
2013/14	7 042	1	9 525	0	0	0
2014/15	7 157	1	11 038	0	0	0

Table 120: Free basic Refuse Removal services to indigent households per type of service

DRAFT

COMPONENT B: ROAD TRANSPORT

This component includes Roads and Waste Water (storm water drainage).

Saldanha Bay Municipality is responsible for the planning and maintenance of proclaimed main roads, municipal streets and establishing transportation infrastructure for the transport of goods and commuters.

3.14 Roads



PUPIL GIVES NAME TO NEW STREET

Masiphathisane Primary School in Vredenburg now has a street name, thanks to the schools' grade six learner Awonke Maqhubeha. A street name was never allocated, thus the primary school did not have a physical address. A new street name was created to give access to Masiphathisane Primary School in Ongegund, Vredenburg.

This process involved learners from Masiphathisane Primary School who helped identify and propose suitable names for the street. A total of 117 proposed names for the street were received. A panel was consulted and a decision was made to recommend the name Petro Street through a submission to Council for approval. Awonke submitted the proposed name Petro Street with reason "Petro SA was the co-sponsor of the building of the Masiphathisane Primary School in Ongegund."

The municipality is focused on reducing the kilometres of gravel/dirt roads annually within the various towns and have achieved successes in St Helena bay and Hopefield over the past 4-5 years. Maintenance and rehabilitation priorities are determined by means of a pavement management system, based on the condition of the road, and the implementation of these priorities are subject to Council approval of adequate funding.

The appointment of a service provider for road works, for more than one year, will provide continuity and more accurate forward planning and budgeting.

The highlights for the year under review were as follow:

The rehabilitation, resurfacing and reseal of the roads identified, was successfully completed. Additional roads could be resurfaced on savings acquired.

Some of the challenges that are experienced include the following:

It was often experienced that contractors do not have adequate cash flow to carry the cost of the projects on their own. This causes delays in the construction programmes and ultimately effects the project completion dates.

3.14.1 Roads Statistics

The following tables give an overview of the total kilometres of roads maintained and new roads tarred:

3.14.1.1 Tarred (Asphalted) Roads

Financial year	Total km tarred roads	Km of new tar & paved roads	Km existing tar roads re-tarred	Km of existing tar roads re-sheeted	Km tar roads maintained
2013/14	436.6	0.61	5.8	0	5.8
2014/15	437.2	1.52	2.4		2.4

Table 121: Tarred (Asphalted) roads

3.14.1.2 Gravelled Roads

Financial year	Total km gravel roads	Km new gravel roads constructed	Km gravel roads upgraded to tar / block paving	Km gravel roads graded/maintained
2013/14	36.4	0	0.61	35.8
2014/15	35.8	1.5	1.52	0

Table 122: Gravelled roads

3.14.2 Total employees – Roads and Stormwater Services: Engineering and Planning Services

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 – 16	1	1	1	0	0
15 – 13	1	2	2	0	0
12 – 10	1	1	1	0	0
9 – 7	14	14	14	0	0
6 – 4	15	20	18	2	10.0
3 – 0	17	15	13	2	13.3
Total	49	53	49	4	7.5

As at 30 June 2015

Table 123: Employees – Roads and Stormwater Services: Engineering and Planning Services

3.14.3 Total employees – Roads and Stormwater Services: Community and Operational Services

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 – 16	0	0	0	0	0
15 – 13	0	0	0	0	0
12 – 10	0	1	1	0	0
9 – 7	17	21	19	2	9.5
6 – 4	14	18	16	2	11.1
3 – 0	92	89	80	9	10.1
Total	123	129	116	13	10.1
As at 30 June 2015					

Table 124: Employees – Roads and Stormwater Services: Community and Operational Services

3.14.4 Capital Expenditure – Road Services

Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
R'000					
Total all capital projects	46 837	60 363	47 543	12 820	60 363
Upgrade Oostewal Street Langebaan	500	1 004	1 004	504	1 004
Rehabilitate Schuter, Glenmist	0	357	357	357	357
Resurface: Whipping Diazville	0	344	344	344	344
Rehabilitate & subsoil drainage Nassa	450	384	384	(66)	384
Resurface Erica, Maartblom, Kami	900	845	845	(55)	845
Reseal Bergsig	0	487	487	487	487
Reseal Columbia to Argo -Ward	0	489	489	489	489
Reseal Dwarsweg, Sonneblom	0	487	487	487	487
Reseal Acasia, Oak to Lelie Street	0	487	487	487	487
Resurfacing of Welgemoed: Tier	0	653	653	653	653
The "total all" refers to the total of all the capital projects Only the largest capital projects are listed					

Table 125: Capital Expenditure: Road Services

3.14.5 Cost of Construction/Maintenance

The table below shows the costs involved for the maintenance and construction of roads within the municipal area:

Financial year	Gravel			Tar		
	New	Gravel - Tar / Block paving	Maintained	New (Tar & Block paving)	Re-worked	Maintained
	R'000					
2013/14	0	1 106	0	1 106	0	14 342
2014/15	1 487	1 410	0	1410	0	7 363

Table 126: Cost of construction/maintenance of roads

A considerable amount of funding was made available for the construction of new paved sidewalks to be completed before the end of June 2015.

3.15 Waste water (Stormwater drainage)

The municipality acquired and are operating a storm water management system which enable the planning and maintenance section to locate shortcomings and do efficient maintenance on the storm water network of all towns. New and updated storm water master planning is already on the way with implementation and construction soon thereafter.

The municipality has commenced with the upgrading of stormwater systems in Langebaan, Vredenburg, Laingville and Saldanha in the current financial year.

The most challenging and critical activity of the stormwater projects of this year was the timeous obtaining of environmental approvals.

3.15.1 Stormwater Statistics

The table below shows the total kilometres of storm water maintained and upgraded as well as the kilometres of new storm water pipes installed:

Financial year	Total km Storm water measures	Km new storm water measures	Km storm water measures upgraded	Km storm water measures maintained
2013/14	189.92	0.222	0.357	107
2014/15	190.14	0	1.88	107

Table 127: Stormwater infrastructure

3.15.2 Capital Expenditure – Stormwater Services

Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
R'000					
Total all capital projects	46 837	60 363	4 7543	706	60 363
Stormwater Laingville - Invest	0	133	133	133	133
W/City stormwater study plan design	4 303	3 103	2 642	(1 661)	3 103
Louwville OUWVILLE stormwater phase 4	5 080	5 080	4 506	(574)	5 080
Upgrade stormwater system Protea	2 000	1 461	758	(1 242)	2 000
The "total all" refers to the total of all the capital projects Only the largest capital projects are listed					

Table 128: Capital Expenditure: Stormwater Services

3.15.3 Cost of Construction/Maintenance

The table below indicates the amount of money spend on stormwater projects:

Financial year	Stormwater Measures		
	New	Upgraded	Maintained
	R'000		
2013/14	640	9 559	175
2014/15	0	8 039	180

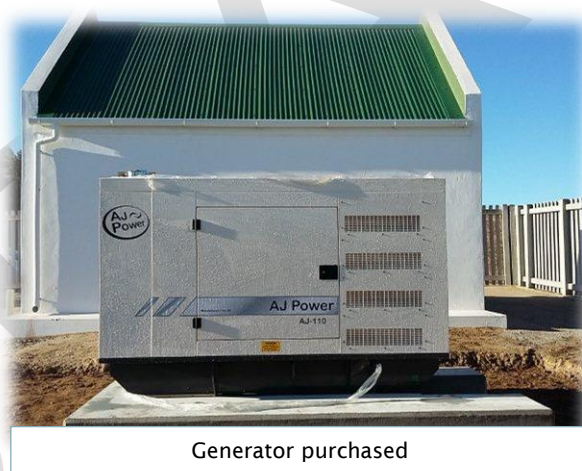
Table 129: Cost of construction/maintenance of stormwater systems

3.16 Mechanical Workshop

Below is a summary of the vehicle tenders and vehicles bought for 2014/15, as well as additional tenders. The additional tenders were funded from savings, approved by Council and additional vehicles and plant purchased to improve service delivery of respective towns which had a shortage of said items. All vehicles and plant were delivered, insured and introduced to the SAMRAS system. 5/12 Generators have been delivered. The balance will arrive in July 2015.

Tender No	Description	Budget spent (R)	Quantity of items
		R'000	
42/14	Light Vehicles	6 798	31
43/14	Heavy Vehicles	14 372	10
44/14	Plant	7 894	55
Total		29 055	96
Additional tenders			
97/14	Vehicles, Trucks and Plant	2 405	33
16/15	Vacuum Tanker	1 445	1
47/15	Generators	7 601	5
Total		11 451	39

Table 130: Vehicles and plant purchased



Generator purchased

3.16.1 Mechanical Workshop Statistics

Details	2013/14	2014/15
Number of vehicles serviced per month	Average 40 per month	Average 41.83 per month
Number of vehicles passed Certificate of Fitness	76	85
Number of vehicles and plant purchased	40	96 budgeted for and 135 purchased in total on additional tenders with savings generated

Table 131: Service Statistics – Mechanical Workshop

3.16.2 Total employees – Mechanical Workshop

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 - 16	1	1	1	0	0
15 - 13	1	1	1	0	0
12 - 10	1	1	1	0	0
9 - 7	3	3	3	0	0
6 - 4	2	2	2	0	0
3 - 0	0	0	0	0	0
Total	8	8	8	0	0
As at 30 June 2015					

Table 132: Employees – Mechanical Workshop

3.16.3 Capital Expenditure – Mechanical Workshop

Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
R'000					
Trolley jack 3ton	3	3	3	0	3
Porta pack gas set	5	10	10	5	10
Tools & equipment	100	70	70	-30	70
Inverter welder	3	3	3	0	3
Generator	15	12	12	-3	12
GPS systems	60	89	89	29	89
Cupboard wood 2 door	8	7	7	-1	7
Heavy duty drilling machine	70	47	47	-23	47
Band saw	25	19	19	-6	19
Magnetic base drilling machine	10	19	19	9	19
Abrasive cut off machine	25	19	19	-6	19
Laminating machine	2	2	2	0	2
Recovery truck CFG 3475	1 500	2 151	2 151	651	2 151

Table 133: Capital Expenditure: Mechanical Workshop

COMPONENT C: PLANNING AND DEVELOPMENT

The Planning division include the following functions:

Building Control, Town Planning (Land use management), Forward/Spatial Planning and Environment & Heritage.

With the above in mind it aims to improve service delivery within the built and natural environment by:

- ≈ Conserving the environment and promoting responsible development and use of resources
- ≈ implementing, monitoring and managing the regulatory legal framework with regard to building activities
- ≈ implementing, monitoring and managing the regulatory legal framework with regard to spatial planning and land use changes

The main challenges experienced are as follows:

- ≈ Lack of funding for comprehensive, local, spatial review studies and investigations.
- ≈ Insufficient manpower for enforcement.

The following highlights must be mentioned:

- ≈ Compilation and advertisement of a municipal land use planning by-law.
- ≈ Compilation and approval of the Saldanha Local Area Plan.
- ≈ Compilation of a vacant land audit for municipal properties.
- ≈ Arranging compliance with the requirements of the new planning legislative review (SPLUMA/LUPA)

3.17 Town Planning & Spatial planning

The table below sets out the main elements of Saldanha Bay Planning Strategies:

Strategy	Description
Policy review	Heritage study; Public Open Space and Vacant Land study and other related planning policy documents.(i.e. house shop policy, accommodation policy, etc)
Land Use Management	Finalisation of Integrated Zoning Scheme and implementation of Municipal Planning By-law
Proactive law enforcement (<i>Town planning, building control & environment</i>)	Appointment of sufficient staff capacity for proactive handling of contraventions/ non-compliance issues.

Table 134: Planning Strategies

3.17.1 Town Planning and Spatial Planning Services Statistics

Applications for Land Use						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
Planning application received	131	84	14	24	1 105	1 210
Determination made in year of receipt	309	123	8	Cannot provide	1 955	1 161
Determination made in following year	9	5	0	Cannot provide	869	Cannot provide
Applications withdrawn	3	5	0	Cannot provide	0	0
Applications outstanding at year end	60	Cannot provide	12	Cannot provide	17	Cannot provide

Table 135: Applications for Land Use Development

3.17.2 Total employees – Town Planning, Building Control and GIS

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 - 16	2	1	1	0	0
15 - 13	8	7	6	1	14.3
12 - 10	5	6	4	2	33.3
9 - 7	5	4	4	0	0
6 - 4	0	0	0	0	0
3 - 0	0	1	1	0	0
Total	20	19	16	3	15.8

As at 30 June 2015

Table 136: Employees: Town Planning, Building Control and GIS

3.17.3 Capital Expenditure – Town Planning & Spatial planning

Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
R'000					
Total all capital projects	211	138	138	(73)	138
Bulk Filers (Building Control)	40	0	0	(40)	0
Digital Camera (Building Control)	6	1	1	(5)	1
Safe Door & Frame (Building Control)	2	0	0	(2)	0
Blinds (Building Control)	2	0	0	(2)	0

Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Chairs (Building Control)	5	2	2	(3)	2
Cabinet (Building Control)	2	2	2	0	2
Bookcase (Building Control)	2	1	1	(1)	1
Desk (Building Control)	2	1	1	(1)	1
Nissan Bakkie (Building Control)	150	131	131	(19)	131
The "total all" refers to the total of all the capital projects Only the largest capital projects are listed					

Table 137: Capital Expenditure: Town Planning & spatial planning

3.18 Local Economic Development



Saldanha Bay Municipality receives two PMR.africa awards

Saldanha Bay Municipality (SBM) recently received two awards at this year's PMR.africa Cape West Coast Region Leaders and Achievers Awards Breakfast. The PMR.africa award enhances excellence in industry, sets a benchmark in industry and creates an opportunity for organisations to give recognition to a team/division for their hard work.

Saldanha Bay Municipality was awarded for doing the most to attract foreign investment, local investment and tourism; for job creation; and to enhance and promote development. Saldanha Bay was also awarded for the municipality doing the most for social upliftment and to fight crime. The ceremony took place on 14 May 2014 at the Protea Hotel in Saldanha.

Photograph caption:

SBM's Executive Mayor, Mr Francois Schippers, received both PMR.africa awards on behalf of the municipality.

3.18.1 Overview of LED in Saldanha Bay

Saldanha Bay is blessed with strong economic development initiatives around the port, driven by national and provincial governments. The anchor initiative is the establishment of the industrial development zone (IDZ) for investment attraction of targeted sectors:

- ≈ Renewable Energy production & manufacturing cluster
- ≈ Oil supply base/hub for the Oil and Gas cluster

Such development generates spin-offs for various other sectors such as manufacturing, construction, property development, retail, services and business tourism

The South African Government adopted a National Infrastructure Plan in 2012 that outlines a number of Strategic Integrated Projects (SIPs). Two SIPs have direct relevance for/to Saldanha Bay municipality:

- ≈ SIP 5: Saldanha-Northern Cape Development Corridor
- ≈ It aims to develop the Saldanha-Northern Cape linked region in an integrated manner through rail and port expansion, back- of-port industrial capacity (which may include an IDZ) and strengthening maritime support capacity to create economic opportunities from the gas and oil activities along the African West Coast.
- ≈ SIP 8: Green Energy in support of the South African economy
- ≈ It supports sustainable green energy initiatives on a national scale through a diverse range of clean energy options as envisaged in the IPR 2010 and to support biofuel production facilities.

A recent development is the import and storage of natural gas. This gas initiative offers prospects of low cost heating energy to all local manufacturers. There are also confirmed gas fields offshore. Public services such as water desalination and possible electricity production are also now possible.

One of the highlights over the past year was the launch of the multi-stakeholder West Coast Economic Development Partnership to promote collaboration amongst regional economic stakeholders with a view to driving economic growth across the region, facilitating economic inclusion and attempting to solve current and pressing business constraints. The Business Development Forum has already established Catalytic Business Ventures for Skills Development, Aquaculture, Exploiting the potential of waste to energy and the Captains of Industry comprising of top managers including executives of municipalities meeting formally to address critical issues that affect the growth and sustainability of industry in general.

Given all these exciting developments, the challenge for the Saldanha Bay Municipality from a local economic development (LED) perspective, is to ensure that all these developments lead to the best outcome for local citizens. Most of the strategic documents of the SBM are in place and some of the programmes are currently implemented.

Local job opportunities

The Transnet National Ports Authority (TNPA) announced infrastructure projects at Saldanha Bay to improve its ability to serve the offshore oil and gas industry. The projects are seen as long-term and the importance of the TNPA seizing the opportunity to serve the oil rigs operating on the west and east coasts of Africa was emphasised a number of times. An offshore supply base will be built to serve as a one-stop shop to supply oil rigs with their basic needs, such as food and materials, and waste collection. The time frames for the projects had been expedited ahead of the TNPA's own port development plans in order to align with those of Operation Phakisa. The projects will create an estimated 6,300 new direct jobs and 25,200 new indirect jobs and contribute an estimated R4.74bn to gross domestic product.

3.18.2 Total employees – LED, Tourism and Marketing

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 – 16	1	0	0	0	0
15 – 13	1	2	1	1	50.0
12 – 10	0	0	0	0	0
9 – 7	0	0	0	0	0
6 – 4	0	0	0	0	0
3 – 0	0	0	0	0	0
Total	2	2	1	1	50.0
As at 30 June 2015					

Table 138: Employees: Local Economic Development, Tourism and Marketing

3.19 Tourism

The Municipality has a legislated mandate to develop and promote tourism as an industry in the area and the Saldanha Bay Municipality has chosen to do so through partnering with the Saldanha Bay Tourism Organisation (SBTO). This partnership has been detailed in a revised Service Level Agreement between the organisations. The Municipality has recently revised the Service Level Agreement (SLA) with the SBTO and as part of this agreement, and in order to monitor performance in terms of this agreement, KPIs were set. The KPIs are divided into three components comprising of a strategic initiative, measurement and status. These KPIs must be reported on by SBTO based on the related tourism activities and the report is submitted to Council on a quarterly basis.

3.19.1 Marketing

The tourism vision, “to create a unique people and place experience” has been marketed on SBTO’s new website. The organisation also have a brochure strategy for the whole local area, make use of print and online advertising, social media, and exhibitions, educational as well as consumer and trade shows.

SBTO activities for the past year and ongoing included the following:

- ≈ Educational tours were arranged for tour operators and journalists to encourage inclusion in tours/publications on occasion - ongoing
- ≈ Setting up itineraries for tour operators and effectively marketing them to tour operators – completed.
- ≈ Assisting television crews with outside broadcasts & television programs shot in our region as part of Media PR - ongoing
- ≈ All tourism related seminars/meetings were attended throughout the year – ongoing.
- ≈ Ongoing activities celebrating world tourism day
- ≈ Assisting with Sponsorships and fundraisers - ongoing

- ≈ Weekly radio slots on Radio Namakwaland - ongoing.
- ≈ A dedicated cellular phone number was provided for the Flower Line, for the whole of the West Coast. Operational from 08h00 to 20h00 daily during flower season – current and ongoing.
- ≈ Assistance with the development of whale watching extended up the West Coast – various informative talks and presentations ongoing.
- ≈ Community projects includes a Veggie Garden Project enrolled at 6 local schools.
- ≈ Tekkie tax day marketing and involvement - ongoing
- ≈ Mandela Day marketing and involvement - ongoing
- ≈ Assistance with exposure of various magazines for free editorial on the region - ongoing.
- ≈ Funding applications submitted to Wesgro for financial assistance for festivals – successful for Langebaan Lagoon Celebration and ongoing
- ≈ Monthly newsletter compiled for members - ongoing
- ≈ Setting up new LTA's and assisting existing LTA's with projects – past, completed and ongoing
- ≈ Promotional material and banners for each town - ongoing
- ≈ Growing membership and setting up of a list of membership benefits - ongoing
- ≈ Social media: Online Marketing Strategy is priority in line with world trends: Various facebook pages and –groups are being kept updated - ongoing
- ≈ Website upgrade: In process to upgrade incorporating social media, link <http://capewestcoastpeninsula.co.za>: New website in stage of members/establishments being listed.
- ≈ Brochure printing: In progress for new designs to complement website
- ≈ Membership days: 4 membership days annually to connect & communicate - ongoing
- ≈ Welcome the Visitor: This has been very successful during 2013 and 2014. Arrangements are underway to repeat this initiative again during December 2015.
- ≈ Media advertising: What's Up West Coast Magazine; West Coast Escape; Kulula Magazine; Getaway Magazine; Weslander; Die Burger; The Argus; Whale of a Heritage; Red Carpet Travel Guide (Table Mountain distribution); Maps of all towns; numerous free inserts, Platteland, Weg and Go.
- ≈ Television crews: Masterchef , Morning Live, Espresso, Pasella, Top Billing, Jan Braai, Ultimate Braaimaster, Wesgro Film Crew - ongoing
- ≈ Bloggers: Various bloggers invited and hosted to do marketing for the region - ongoing.
- ≈ Journalists from various publications invited and hosted to do write-ups about region - ongoing.
- ≈ Radio exposure: Radio Namaqua (Weekly), KFM Ground Patrol, Heart FM, meetings with Radio West Coast for the community diary.
- ≈ The St Helena Bay members also put together the West Coast Meander and launched the De Palm Lifestyle in St Helena Bay.
- ≈ Merchandise: Branded memory sticks for international & national tour operators
- ≈ Corporate clothing: Branded clothing for all staff

- ≈ Expo's Attended and/or where promotional material was made available: Getaway Show (Cape Town), Beeld Show (Midrand), Indaba (Durban), Namibia (Promotional material given), Cape Town Tourism Expo (Cape Town)
- ≈ International media educational in area and WCNP arranged and being hosted.

3.19.2 Training and Development

The following training/development and educationals were facilitated/given by SBTO:

- ≈ Enrolment of tourism staff at technicians and universities for capacity purposes - ongoing.
- ≈ 6 Interns appointed in Vredenburg, Paternoster, St Helena Bay and Vredenburg where training was received in life skills and business and tourism ventures
- ≈ Interns appointed to do accredited tourism guide course
- ≈ SA host hospitality course - ongoing
- ≈ Training in flower season - ongoing
- ≈ Educational and academic tours for schools and Cape Town tourism staff - ongoing
- ≈ South African National Park media trip - completed
- ≈ Placement of unemployed people in local guesthouses for training - ongoing
- ≈ Social Media training – on going
- ≈ Assistance with other festivals not hosted by SBTO - ongoing
- ≈ CPUT Tourism students training - ongoing
- ≈ Wesgro Educational in Saldanha Region - completed
- ≈ Cape Town Tourism Educational – focus on Hopefield - completed
- ≈ Educational open week in WCNP with interns, magazine editors, bloggers and SBTO staff - completed
- ≈ Regional Tourism Official training in Saldanha area Nov 2014 - completed
- ≈ Cape Winelands tourism officials and media educational in Saldanha area - completed
- ≈ SBTO staff attended educational in Winelands' region during June 2015 - completed
- ≈ West Coast Youth Orchestra: assisted with sponsorships for food, transport & sound. Food & Transport was donated from Pick n Pay, Spar Hopefield & Weskaap Busdienste, Neville sound, one of our members gave us a discounted rate for the evening of a R1000. The event was a huge success and the West Coast Youth Orchestra has since become a Tourism Partner of the SBTO. This entail free membership and marketing due to the development factor of community projects - ongoing.
- ≈ Tekkie tax day: SBTO team chose an organisation or school to go and do voluntary work for 3 hours. Assistance was given to Siyabonga and primary school in Langebaan - ongoing.
- ≈ Hosted function for 38 elderly (70 years and older) of Paternoster at Die Seekombuis - completed.
- ≈ Mandela day project with Mykonos: involvement with donations to community 50 Pick n Pay hampers was distributed between Langebaan & Vredenburg - completed.

- ≈ Veggie Garden Project: assisted Weston, Panorama, Eden, Jurie Huys, St Andrew's and Langebaan Primary with garden tools and seeds for veggie gardens - completed
- ≈ Rocking the daisy ticket competition: to find a music talent within community - completed
- ≈ St Johns internship: SBTO facilitated and gave in-house training for several interns for the period June 2014 to Feb 2015. Training included front office, SA Host detail, development projects and attending of festivals - completed.
- ≈ Students/Scholars: SBTO through Vredenburg office is giving training on ongoing basis to learners/scholars from Weston High, Louwville High and Diazville High. Approximately 30 students/scholars are benefiting by this initiative - ongoing.
- ≈ SBTO staff members attended the Tourism Teachers Seminar (Aug 2014), arranged by the Western Cape Department of Tourism, in Cape Town. Their inputs and guidance were of high standard and the SBTO has been requested to attend again in 2015.
- ≈ 6 Interns were appointed in Vredenburg, Paternoster, St Helena Bay & Saldanha Bay; they were equipped with life skills, business and tourism ventures. These interns will complete an accredited tourism guide course in 2015 - ongoing.
- ≈ Through our active relationship with Weston High, Diazville High and because they have Tourism as a subject, we recruited over 60 past matriculants of all towns on the Tourism Buddy Programme. These students were placed over the whole West Coast on a 12 month learnership. While studying and working some of them were selected for the Protea Hotel School of Excellence and some will get permanent employment. The learnership is a National Certificate in Food and Beverage and Accommodation services - ongoing.
- ≈ Identified the need for Township Restaurants in some of our towns to give a real township experience; Currently assisting Mamma's Shisanyama in White City Saldanha, We assisted the owner to get funding for this exciting venture. Valmac is the funder to complete this project is between R44000 and R60000, they've started in the beginning of December, this forms part as their enterprise development - ongoing
- ≈ The Annual Community Festivals were very successful as listed in the marketing section - 2014 also saw the birth of a few new festivals and shows - ongoing.
- ≈ Cycling was identified by Wesgro & Dedat as one of the niche market; , our relationship with West Coast Cycling Federation is not just as a regulator for all cycling events, but since they joined us as a friend of tourism, they have helped us with the demarcation of routes for events and assisted with event applications.
- ≈ Langebaan LTA introduced the community moonlight cycling mass, where every month at full moon there is a 5 km ride, where everybody starts & stops in Bree Street, and some of the members / restaurants have great specials for this event - ongoing.
- ≈ West Coast Biodiversity Corridor's first part was launched in November 2014 to market the R27 as Tourism route, which runs from Blaauwberg to Langebaan with Darling Hills and Mamre as the borders. Since we, SBTO /SBM, were part of the steering committee, we obtained an extension to the corridor to

include all our towns and activities through West Coast Way, which is the branded name for the R27 - ongoing.

- ≈ Interactions with other regions through Regional Tourism Organisation via West Coast District Municipality, & Wesgro - ongoing.
- ≈ Assisted in marketing the Saldanha Bay Drags (West Coast Racing) on our social platforms - completed.
- ≈ Interaction on forums & committees: SBIDZ Business Forum, Weskus Sakekamer, WCDM Regional Tourism Organisation (marketing & development), West Coast Biodiversity Corridor, West Coast Way Marketing, The Flower Shows, Sanparks Forum, Vredenburg, Paternoster & Langebaan CPF, WCRTL (road signage) and all LTAs and event committees - ongoing.
- ≈ Blanket drive: SBTO, through all of our offices, participated in the winter blanket drive by collecting and distributing donated blankets to the organisers - completed and will be repeated.
- ≈ SBTO staff was involved with Youth Day Celebrations in Hopefield on 16 June 2015 - completed.
- ≈ SBTO's St Helena Bay Office was involved with community projects for Eilandhuis, Pet Hope, Call to serve and Seeland Development projects. This was in form of collection and delivering of donations/clothes/blankets etc. - current and ongoing.
- ≈ Training, in conjunction with the Community Chest, for 30 members of the community with regards to Project and Events management in order to help them looking for opportunities to generate income through products and services - current.
- ≈ Tourism Awareness: SBTO in conjunction of Regional Tourism, Cape Biosphere and others hosted a Tourism Awareness day at the West Coast College where tourism goodie bags and presentations were handed out/given - completed.

3.19.3 Tourism Awareness/Events

Annual events in the Saldanha Bay Municipal Region:

Annual Event	Date
Hopefield Fynbos Show	August
Bravo fees	September
Saldanha Culture & Heritage Festival	September
West Coast Spring Festival & National Parks week	September
Lagoon Life Festival	October
Hopefield River Festival	October
Mykonos Festival	October
Paternoster Seafood Festival	November
St Helenabaai Seefees	December
St Augustines Paternoster Fishermen's Festival	December
Opskop Fees	December
Paternoster Jazz on the rocks	February
Oppiwa festival	February
Offshore Regatta	March

Annual Event	Date
West Coast Marathon	March
Spore op die sand	March
Langebaan Lagoon Celebrations	April/May
All Cape Dart Championship	May
Feather, flower and fossil weekend	June

Table 139: Tourism Awareness/Events

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.20 Libraries



From left to right: A busy Paternoster library, story time in Hopefield library, holiday programme at Harold Krumm library, staff on Women's day, Arts and Crafts display at Vredenburg library, display on ostriches at Langebaan library and West Coast writers display at Vredenburg library.

There are 9 libraries located throughout the municipal area and they serve all the communities. The main priorities are the following:

- ≈ To fulfil as many information needs as possible with the minimum loss of stock
- ≈ To reach more members of the community to be part of a reading nation

- ≈ To establish and maintain library buildings and equipment of the highest possible standard for the communities to utilize.

The highlights for the year under review were as follow:

- ≈ The following libraries went live on the computerised library system (SLIMS): Laingville, Saldanha, Vredenburg, Paternoster.
- ≈ Vredenburg, Saldanha and Diazville also get connected to the RCLP (free internet access for the public)
- ≈ The new Vredenburg Library was officially opened in April 2015

Some of the challenges that are experienced include the following:

- ≈ Lack of activity halls in all the libraries makes it difficult to conduct programs and activities
- ≈ Lack of floor and shelf space in some libraries also have an influence on the service delivery



Vredenburg Library Encourages Youth to Read

On Monday 20 April 2015, the Executive Mayor of Saldanha Bay Municipality, Francois Schippers, and Nomaza Dingayo, Director: Library Services in the Department of Cultural Affairs and Sport (DCAS) officially opened the R8 million Vredenburg Public Library. Children from the Elim Pre-Primary School entertained the audience with poetry and members of the community emphasised the value of having a library within walking distance.

"I would like to thank Ms. Dingayo and the entire staff of DCAS for their generosity," Schippers said. "DCAS has played a valuable role in building and opening this establishment. A library in this area is of utmost importance and we know that it will uplift our community." The library has over 35 000 items (books and other materials) as well as five computers with free Internet access provided by the Rural Connectivity Project. Access to the Internet will assist library-goers to improve their computer skills, do research and search for jobs online. "We want the community to make use of everything the library has to offer," said Dingayo. "This library was built for the community and today I urge the community to look after it and take ownership of it."

3.20.1 Service Statistics – Libraries

Type of service	2013/14	2014/15
Number of Libraries	9	9
Library members	30 650	21 084
Books circulated	400 330	357 513
Exhibitions held	166	151
Internet access points	6	22
Children programmes	227	122
Visits by school groups	20	25
Book group meetings for adults	18	12

Primary and Secondary Book Education sessions	20	25
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Table 140: Service Statistics - Libraries

3.20.2 Total employees – Libraries

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 – 16	0	0	0	0	0
15 – 13	1	1	1	0	0
12 – 10	7	9	9	0	0
9 – 7	14	12	12	0	0
6 – 4	3	4	4	0	0
3 – 0	0	0	0	0	0
Total	25	26	26	0	0
As at 30 June 2015					

Table 141: Employees - Libraries

3.20.3 Capital Expenditure – Libraries

Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
R'000					
Total all capital projects	367 000	527 463	158 417	369 046	158 417
Magnetic tattle tape system	150 000	150 000	112 696	37 031	112 696
New library: Shelves	0	55 157	44 200	10 957	44 200
The "total all" refers to the total of all the capital projects Only the largest capital projects are listed					

Table 142: Capital Expenditure: Libraries

3.21 Cemeteries

The Saldanha Bay Municipality is responsible for the maintenance and management of 8 cemeteries in the municipal area. Of the eight, three are either full or dormant, meaning the cemetery has capacity for second burials or family burials.

The highlights for the year under review include the following:

≈ Upgrading of the following cemeteries:

- ~ Central Cemetery
- ~ Laingville Cemetery

~ Paternoster Cemetery

Some of the challenges that were experienced included the following:

≈ Lack of adequate human resources to perform the required function within the various cemeteries

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3.21.1 Service Statistics - Cemeteries

Type of service	2013/14	2014/15
Number of complaints addressed	2	3
Number of pauper burials	12	15

Table 143: Cemetery STATS

3.21.2 Total employees – Cemeteries

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 – 16	0	0	0	0	0
15 – 13	0	0	0	0	0
12 – 10	1	1	0	1	100.0
9 – 7	2	3	3	0	0
6 – 4	3	3	3	0	0
3 – 0	12	12	12	0	0
Total	18	19	18	1	5.3
As at 30 June 2015					

Table 144: Employees - Cemeteries And Crematoriums

3.21.3 Capital Expenditure – Cemeteries

Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
R'000					
Total all capital projects	640	626	582	(58)	582
Grave Boxes	150	150	111	(39)	111
Central Cemetery – Paving Internal	220	214	210	(10)	210
Laingville Cemetery - Paving	70	62	62	(8)	62
Laingville Cemetery – Restrooms	80	80	79	(1)	79
Paternoster Cemetery – Paving & Kerbing	120	120	120	0	120
The “total all” refers to the total of all the capital projects Only the largest capital projects are listed					

Table 145: Capital Expenditure: Cemeteries And Crematoriums

3.22 Community Development



GOLF DAY EXPOSES CHILDREN TO GOLF AS A SPORT

Langebaan Country Estate in partnership with Saldanha Bay Municipality, Transnet National Ports Authority and Yachtport hosted a golf day at the Estate on Friday, 5 December 2014 to make a contribution towards the 16 Days of Activism Against Violence to Women and Children campaign. The event exposes children from disadvantaged backgrounds to the company of adults in an environment where they learn how to have good, clean fun by learning to play golf. Sixty (60) children between the ages of 10 and 14 years of age were identified from various primary schools in the municipal area to attend the event.

3.22.1 Service Statistics – Community Development

Type of service	2013/14	2014/15
Soup kitchens established or supported	Supporting existing Soup Kitchens on request	Supporting existing Soup Kitchens on request
Youngsters educated and empowered	Supporting the Saldanha Youth Development and Care Centre with 250 t-shirts	Sports Day in conjunction with Siyabonga – Provision of transport
Eldest Citizen : Louwville	n/a	Support in the form of a cake and food parcel for the oldest citizen in Louwville (97 th birthday)
Initiatives to increase awareness on disability	Disabled workshop with SALGA & West Coast District Municipality	Freedom Day in Diazville Saldanha in conjunction with West Coast association for the Physically Disabled
Initiatives to increase awareness on women	Break the Silence :March against abused woman & children Partnership with Siyabonga	n/a
Women empowered	Big Tea for the Elderly Woman in Diazville Community Hall	≈ Women's Day Function in George Kerridge – Donation ≈ Women's Day Function for the employees of Saldanha Bay Municipality

Type of service	2013/14	2014/15
Initiatives to increase awareness on HIV/AIDS	Sports Heroes Walk AGAINST HIV/AIDS (Saldanha, Laingville, Vredenburg)	Supporting the HIV/AIDS Awareness Centre by contributing towards their Annual Christmas Party in December 2014
Initiatives to increase awareness on substance abuse and high drug and alcohol related crimes	Break the Silence :March against abused woman & children Partnership with Siyabonga	n/a
Special events hosted (World's Aids Day, World Harbour day, World Disability Day, Youth Day, 16 Days of activism against women abuse)	≈ Youth Day [Langebaanweg] ≈ Human Rights Day [Diazville with DCAS] ≈ Freedom Day [Hopefield]	≈ Youth Day – Partnership with several stakeholders on the Louwville Sport Grounds – Vredenburg ≈ Freedom Day – Louwville Community Hall in conjunction with Radio West Coast
Mandela Day	≈ Painted Hall ≈ Trolley Dash with Pick 'n Pay ≈ Elderly Breakfast [Spur] ≈ High Tea [Military Academy] ≈ Shows Long Walk to Freedom in 8 Community Halls	≈ Trolley Dash With Pick 'n Pay ≈ Elderly Breakfast – Spur ≈ Provision of soup to less privileged
Modelling Show for less privileged	n/a	Support in the form of gift packs

Table 146: Community Development Statistics

3.22.2 Total employees – Community Development, Sport Development, Indigent Subsidies & Community & Ward Support

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 – 16	1	0	0	0	0
15 – 13	1	2	2	0	0
12 – 10	9	10	9	1	10.0
9 – 7	7	8	8	0	0
6 – 4	0	0	0	0	0
3 – 0	0	0	0	0	0
Total	18	20	19	1	5.0

As at 30 June 2015

Table 147: Employees – Community Development, Sport Development, Indigent Subsidies & Community & Ward Support

3.22.3 Total employees – Community Development

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 – 16	0	0	0	0	0
15 – 13	0	0	0	0	0
12 – 10	0	0	0	0	0
9 – 7	1	1	0	1	100.0
6 – 4	0	0	0	0	0
3 – 0	0	0	0	0	0
Total	2	2	1	1	50.0
<i>As at 30 June 2015</i>					

Table 148: Employees – Community Services

3.22.4 Total employees – Community and Operational Services: Area Engineering

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 – 16	2	4	3	1	25.0
15 – 13	2	0	0	0	0
12 – 10	1	1	1	0	0
9 – 7	1	1	1	0	0
6 – 4	0	0	0	0	0
3 – 0	0	0	0	0	0
Total	6	6	5	1	16.7
<i>As at 30 June 2015</i>					

Table 149: Employees – Community and Operational Services: Area Engineering

3.22.5 Capital Expenditure – Community Development

Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
R'000					
Total all capital projects	200	200	119	81	119
New Tables for Community Halls	200	200	119	81	119
The “total all” refers to the total of all the capital projects Only the largest capital projects are listed					

Table 150: Capital Expenditure: Community Development

**Satellite Thusong Centre opens in Hopefield**

On 8 April 2015, the Hopefield Satellite Thusong Centre opened its doors to the residents of Hopefield. The Thusong Centre, located on the corners of Dwars Road and Vlei Street, is a one-stop integrated community development centre with community participation and services relevant to the needs of the community. Thusong Centres aim to help empower the community by providing access to information, services and resources. It provides a hub of activities and a variety of services which are organised according to a six-block service model including: government social and administrative services, office services, education and skills development services, local economic development services, business services and community opportunities, and information and communication activities. The Hopefield branch hosts a number of government departments and community organisations such as the Department of Labour for pay outs and applications, the Department of Correctional Services for evaluations, the Department of Social Development for all pay grants and applications, and the Department of Home Affairs for Identity documents and passports. Its objectives are to bring government information and services closer to the people, to promote access to opportunities as a basis for improved livelihoods, to promote cost-effective, integrated, efficient and sustainable service provision to better serve the needs of citizens. We also build sustainable partnerships with government, business and civil societies and create a platform for greater dialogue between citizens and the government. The Hopefield Satellite Thusong Centre also provides email and copy facilities to the community and offers assistance with learnerships, employment opportunities and Z83 application forms. Future plans for the Centre includes the establishment of an E-centre for access to free internet services and computer classes. The Hopefield Satellite Thusong Centre is open weekdays from 08h00 to 16h30.

Aletta Maarman, SBM Executive Mayor Francois Schippers, Alderman Johanna Stoffels and Salome Adams (Thusong Centre) cut the ribbon at the opening of the Hopefield Satellite Thusong Centre.

COMPONENT E: ENVIRONMENTAL MANAGEMENT

This component includes: biodiversity, coastal and general environmental management

Coastal Management is currently a new concept in the country with which the municipality must still start to deal with. The West Coast District Municipality in cooperation with the Provincial Government has developed a Coastal Management Programme (CMP) in terms of the National Environmental Management: Integrated Coastal Management Act, 24 of 2008 ("ICMA"). The CMP provides guidelines for the management of the coast. The Act also refers to a set of standard By-Laws and possible scheme regulations. The West Coast District Municipality as well as the Saldanha Bay Municipality adopted the CMP. Coastal management will have an impact on various functions within the municipality and there is currently two officials dedicated to this responsibility.

The Department of Environmental Affairs and Development Planning, in conjunction with the West Coast District Municipality commissioned a report to delineate coastal setback lines in terms of the ICMA. This project is near completion; Community Services and Engineering and Planning Services will and have provided input.

With regard to biodiversity, the Department of Environmental Affairs and Development Planning, in conjunction with the West Coast District Municipality is also in the process of finalising the Environmental Management Framework for the Saldanha Bay area. The Saldanha Bay Municipality is also in the process of doing a survey on its open spaces to make informed decisions on the possible uses of these spaces.

Engineering and Planning Services provides input on Environmental Impact Assessment Reports for developments, on applications for ad-hoc coastal setback lines and inter-departmental requests within the Saldanha Bay Municipality.

Environmental Education and support is also taking place within the municipality and within the municipal area; with various environmental stakeholders.

3.23 Environmental Management

3.23.1 Total employees – Environmental Management

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 - 16	0	0	0	0	0
15 - 13	1	1	1	0	0
12 - 10	0	1	1	0	0
9 - 7	0	0	0	0	0
6 - 4	0	0	0	0	0
3 - 0	0	0	0	0	0
Total	1	2	2	0	0
<i>As at 30 June 2015</i>					

Table 151: Employees – Environmental Management

COMPONENT F: SECURITY AND SAFETY

The aim of council is to ensure the safety of all residents and visitors in this municipal area through law enforcement. Currently municipal law enforcement officers work closely with SAPS to combat crime while the traffic law enforcement officers are assisting those agencies. Integrated operations are held to prevent crime increase in this municipal area through proper planning. The willingness of the community to report crime assists the different law enforcement agencies tremendously in the fight against crime.



Saldanha Bay Municipality implements new ranking structure

Employees within the Traffic and Law Enforcement Department of Saldanha Bay Municipality received their ranks on Friday, 3 October 2014. The objective of implementing this ranking structure is to help improve service delivery and put emphasis on a proper and structural command control system. Through this new paradigm shift within the Traffic and Law Enforcement Department, professionalism and the gaining of respect and discipline will be restored among officers and personnel, and also within the community we serve.

Front Row: James Mbele, Mario Jacobs, Executive Mayor Francois Schippers, Janine La Douce.

Middle Row: Gordon Swarts, Larrington Bacela, James Jonkers, Councillor Ryan Don, Bertram Julies, Jolene Cloete, Nomsimphiwe Mqini, Fernando Pharo, Pumlanzi Nzozzo

Back Row: Frans Molefi, David Cloete, Jacques Nel, Nolan Latagan, Andries Erasmus

3.24 Traffic Services

This division maintains law and order for all types of transport by providing consolidated and integrated traffic policing operations. The aim of the municipality is to ensure the safety of all residents and visitors in this municipal area through law enforcement. Integrated operations are held to prevent crime increase in this municipal area through proper planning. The willingness of the community to report crime and law enforcement issues assists the different law enforcement agencies tremendously in the fight against crime. Shared responsibility is however highlighted as a breakthrough amongst all role-players.

Traffic law enforcement aims to increase road safety in the municipal area by providing traffic law enforcement services that include, facilitation of road safety education, communication, raising of awareness and providing training and development opportunities to all traffic policing officials and law enforcement

officials. We also aim to reduce the number of road accidents annually by 5%, to ensure a safe traffic flow, to bring all offenders of traffic violations to book and to ensure safe roads. Speed measurements are important due to the fact that 90% of all accidents are caused by speeding. The appointment of a service provider to install speed cameras at strategic hazard locations, to decrease the fatality rate on our roads, was seen as a highlight. We highlight the importance of feedback to complainants and this is seen as a breakthrough to gain community trust.

A second serious offence is driving under the influence of liquor due, to the fact that the some of the motorist are ignorant towards the stipulations in the NRTA of 1993/1996. The dragger breath alcohol apparatus is used as a measurement to determent the alcohol breath level before any arrest is executed.

Scholar patrols are established to assist learners to cross roads to schools safely, while regular traffic patrols in residential areas reduce traffic accidents and traffic violations.

3.24.1 Service Statistics – Traffic, Licensing, Animal Licensing and Control and Control of Public Nuisances

Details	2013/14	2014/15
Number of road traffic accidents during the year	846	992
Number of by-law infringements attended	1 343	2 315
Number of Traffic officers in the field on an average day	15	15
Number of Traffic officers on duty on an average day	13	13
Animals impounded	54	48
Motor vehicle licenses processed	35 827	37 689
Learner driver licenses processed	2 197	2 176
R-value of fines collected	1 200 000 million	2 349 400 million
Operational call-outs	80	120
Roadblocks held	72	26
Complaints attended to by Traffic Officers	110	120
Special Functions – Escorts	43	67
Awareness initiatives on public safety	13	5
Stray dogs on farms	2	10
Livestock in residential areas	10	48
Illegal Hawkers	57	40
Illegal Car watchers	8	7
Illegal land invasion	96	9

Table 152: Service Data for Traffic, Licensing, Animal Licensing And Control and Control Of Public Nuisances

3.24.2 Total employees – Traffic Services

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 – 16	0	1	1	0	0
15 – 13	2	3	3	0	0
12 – 10	17	16	15	1	6.2
9 – 7	16	21	19	2	9.5
6 – 4	3	1	1	0	0
3 – 0	0	0	0	0	0
Total	38	42	39	3	7.1
As at 30 June 2015					

Table 153: Employees – Traffic Services

3.24.3 Capital Expenditure – Traffic Services

Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
R'000					
Total all capital projects	457	2 418	1 016	559	2 418
Sedan Chev Aveo CFG 32359	150	150	138	(12)	150
Alcohol Breathalysers	7	7	0	(7)	7
Ford Focus CFG 13191	300	300	314	14	300
Air conditioners (6)	0	42	42	42	42
Paving and Curbing	0	99	0	0	99
Desks	0	46	46	46	46
Surface tarring	0	403	367	367	403
Upgrading of buildings	0	98	74	74	98
Safe fire arm	0	20	6	6	20
Fire arm magazines	0	20	0	0	20
Vacuum cleaner Industrial	0	13	9	9	13
Dog pound	0	1 200	0	0	1 200
K53 poles	0	20	20	20	20
The "total all" refers to the total of all the capital projects Only the largest capital projects are listed					

Table 154: Capital Expenditure: Traffic, Licensing, Animal Licensing And Control and Control Of Public Nuisances

3.25 Fire Services and Disaster Management

The main objective of this division is to save lives and to protect property. Awareness campaigns in informal areas did reduce the number of fires in those areas as well as the restructuring of shacks to ensure that fire fighting vehicles and fire fighters can reach those in need. Immediate relief is provided to victims of fires and flooding is provided in the form of food parcels, blankets and emergency housing kids.

The highlight for the year is the transfer of the Fire Services to the West Coast District Municipality that will enhance the response time to those in need. A Service Level Agreement was signed for a period of three year.

3.25.1 Service Statistics – Fire Services and Disaster Management

Details	2013/14	2014/15
Total fires attended in the year	280	563
Reservists and volunteers trained	0	12
Awareness Initiatives on Fire Safety	0	7

Table 155: Service Data for Fire Services and Disaster Management

3.25.2 Capital Expenditure – Fire Services and Disaster Management

Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
R'000					
Total all capital projects	27	27	27	0	27
Nozzles x 3	7	7	7	0	7
Oxygen Systems	20	20	20	0	20
<i>The "total all" refers to the total of all the capital projects Only the largest capital projects are listed</i>					

Table 156: Capital Expenditure: Fire Services and Disaster Management

COMPONENT G: SPORT AND RECREATION

3.26 Holiday Resorts and Campsites

The Saldanha Bay Municipality is responsible for the management and maintenance of seven holiday resorts in our municipal area. These are the Saldanha Resort (Saldanha), the Tabakbaai Resort (Diazville), the Laingville Resort (St. Helena Bay), the Oostewal Resort (Langebaan), the Seebries Park Resort (Langebaan), the Columbine Nature Reserve (Paternoster) and the Leentjiesklip Resort (Langebaan).

The first five resorts have units and campsites and the last two only make provision for camping.

The main priority of our resorts is for guests to experience true hospitality and efficient client service. All of our resorts are next to the beach, where the sheer natural beauty of the sea can be experienced.

Braai facilities are available in each camp site at all our resorts, water taps and refuse bins are positioned at regular intervals and you pay per unit and not per person.

On arrival at our resorts we provide our client with the necessary information including the rules and safety evacuation plan. The Municipality appointed a service provider to review the service delivery mechanisms and make recommendations to improve current management and operations. The outcome of this review will be considered by Council in due course.

One of the highlights for the year under review was that the Cape Columbine nature reserve was the host to the annual “Jazz on the Rock” Music Festival and the Tabak Bay resort to the Lee Riders MCC, Motorbike rally.

Burglaries, access control and spending the spending of the maintenance budget are still the main challenges at the resorts.

3.26.1 Service Statistics –Holiday Resorts and Campsites

Type of service	2013/14	2014/15
Number of Resorts	7	7
Number of complaints addressed – Tieties Bay	1	0
Number of complaints addressed – Oostewal	0	0
Number of complaints addressed – Saldanha	2	2
Number of complaints addressed – Tabak Bay	1	1
% Occupation for the year – Tieties Bay	67%	68%
% Occupation for the year – Saldanha	39%	41%
% Occupation for the year – Leentjiesklip	74%	76%
% Occupation for the year – Tabak Bay	54%	58%
% Occupation for the year – Oostewal	53%	53%
% Occupation for the year – Seebries Park	39%	40%
% Occupation for the year – Laingville	36%	36%

Table 157: Service Statistics –Holiday Resorts and Campsites

3.26.2 Total employees – Holiday Resorts and Campsites

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 - 16	0	0	0	0	0
15 - 13	0	0	0	0	0
12 - 10	6	7	7	0	0
9 - 7	0	0	0	0	0
6 - 4	6	6	6	0	0
3 - 0	28	33	32	1	3.0
Total	40	46	45	1	2.2
As at 30 June 2015					

Table 158: Employees –Holiday Resorts

3.26.3 Capital Expenditure – Holiday Resorts and Campsites

Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
R'000					
Total all capital projects	2 717	3 360	2 966	249	2 966
St Helena resort double garage	150	170	100	-50	100
Tabakbaai resort verandas day campers	150	220	218	68	218
Fit aluminium windows	150	105	96	-54	96
Tabakbaai resort paving & kerb	150	190	187	37	187
Leentjiesklip - tiling	0	88	88	88	88
Erf 3647 Saldanha resort upgrade	150	110	110	-40	110
Columbine nature reserve ablution	290	542	539	249	539
Columbine nature reserve ablution	150	195	174	24	174
Steps to upper deck	60	185	172	112	172
Razor wire on top of fencing	70	81	20	-50	20
The "total all" refers to the total of all the capital projects Only the largest capital projects are listed					

Table 159: Capital Expenditure: Holiday Resorts

3.27 Sport Grounds, Parks, Swimming Pools and Community Halls



Municipality celebrates National Arbor Week

Saldanha Bay Municipality celebrated National Arbor Week from 1 – 7 September 2014 by creating and raising awareness about the importance of and the roles played by trees. The St Andrews, Panorama, Hopefield and St Helena Bay Primary Schools were visited by the municipality's horticulturist and learnership students from the West Coast College to educate pupils about the annual trees of the year, Vepris Lanceolata and Heteropyxis Natalensis Harvey, and to plant trees at the schools with the assistance of the teachers and pupils.

The Saldanha Bay Municipality is responsible for the management and maintenance of 9 sport grounds in our municipal area. It is the municipality's goal to create a healthy lifestyle for all our residents by offering a wide range of well-maintained and managed sport facilities.

Vandalism of infrastructure at our sport grounds is a huge challenge for the municipality. To try to overcome this challenge, the municipality appointed 24 hour security guards and care takers at some of the grounds.

The community halls in the Saldanha Bay area are public locations where members of the community tend to gather for group activities, social support, public information and other purposes. The Department of SASSA utilizes our halls as pay points for the pensioners and other government institutions who have access free of charge.

Our rates are affordable and the halls are easily accessible to communities, but the halls are unfortunately prone to vandalism and theft.

The highlights for the year under review were as follow:

- ≈ Upgrading of the following Halls:
 - ~ Louwville Community Hall
 - ~ Middelpoos Community Hall
 - ~ Witteklip Community Hall
 - ~ Ongegund Community Hall

3.27.1 Service Statistics Sport Grounds, Parks, Swimming Pools and Community Halls

Type of service	2013/14	2014/15
Number of Sport Grounds/fields	9	9
Number of Swimming Pools	1	1
Number of Stadiums	1	1
Number of complaints addressed - Sport Grounds/fields	1	3
Number of complaints addressed - Swimming Pools	0	0
Number of complaints addressed - Stadiums	0	2
Number of community halls	11	11

Table 160: Service Statistics Sport Grounds, Parks, Swimming Pools and Community Halls

3.27.2 Total Employees: Sport Grounds, Parks, Swimming Pools and Community Halls

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 - 16	0	0	0	0	0
15 - 13	1	1	1	0	0
12 - 10	1	3	3	0	0
9 - 7	9	8	8	0	0
6 - 4	21	25	22	3	12.0
3 - 0	51	51	51	0	0
Total	83	88	85	3	3.4
As at 30 June 2015					

Table 161: Employees - Sport Grounds, Parks, Swimming Pools and Community Halls

3.27.3 Capital Expenditure - Sport Grounds, Parks, Swimming Pools and Community Halls

Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
R'000					
Total all capital projects	7 607	7 737	7 841	234	7 841
Saldanha Sport grounds: New Stadium	6 347	6 347	6 547	200	6 547
Diazville Sport grounds: Installation of Floodlights	300	300	237	(63)	237
Hopefield Sport grounds: Upgrading	250	320	320	70	320
Langebaan Sport grounds: Wooden spectator stands	100	100	97	(3)	97
Laingville Sport grounds: Netball courts	250	250	220	(30)	220

Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Vredenburg Sport grounds: Pigeon Clubhouse	360	420	420	60	420
<i>The "total all" refers to the total of all the capital projects Only the largest capital projects are listed</i>					

Table 162: Capital Expenditure: Sport Grounds and Swimming Pools

COMPONENT H: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: Executive and Council, Corporate services, financial services, Human Resource services, ICT services and municipal property services.

3.28 Office of the Municipal Manager

The highlights for the year under review were as follow:

- ≈ Progressing with planning surrounding the Vredenburg Urban Revitalisation project.
 - ~ Land acquisition from Transnet to establish the Municipal offices as well as the Tourism office.
 - ~ Various appointments of professional teams to assist with the Wesbank local economic development infrastructure planning.
 - ~ Co-operation agreement with external stakeholders for the construction of the Wesbank local economic development infrastructure.
- ≈ Commenced with detailed site planning related to the Regional Socio Economic Program / Violence Prevention through Urban Upgrade planning
- ≈ Audit opinion
- ≈ Defined operational and reporting lines to streamline synergy between Directorates Engineering and Planning Services and Community Services respectively with regard to integrated planning and implementation.
- ≈ Appointment of suitable employment equity candidate as Director: Corporate Services.

Some of the challenges that are experienced include the following:

- ≈ Efficiencies and effectiveness of service delivery operations remains a standing improvement area.
- ≈ Stakeholder participation to conclude on land acquisitions/swaps for development purposes.

3.28.1 Total employees – Executive and Council

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 – 16	0	0	0	0	0
15 – 13	0	0	0	0	0
12 – 10	0	0	0	0	0
9 – 7	4	0	0	0	0
6 – 4	0	0	0	0	0
3 – 0	0	0	0	0	0
Total	4	5	5	0	0
As at 30 June 2015					

Table 163: Employees – Executive and Council

3.28.2 Total employees – Office of the Municipal Manager: Support services, Risk Management, Public Relations & IDP/Performance Management

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 – 16	1	1	1	0	0
15 – 13	1	1	1	0	0
12 – 10	7	4	4	0	0
9 – 7	2*	2	1	1	50.0
6 – 4	0	0	0	0	0
3 – 0	0	0	0	0	0
Undefined (Interns)	1	1	1	0	0
Total	12*	9	8	1	11.1
As at 30 June 2015					
*One official were seconded from 1 March 2014 to West Coast district Municipality after the signing of a Service level agreement between the 2 municipalities					

Table 164: Employees: Office of the Municipal Manager

3.29 Financial Services

3.29.1 Debt recovery

Details of the types of account raised and recovered	2013/14			2014/15		
	Billed in Year	Collections in Year	Proportion of accounts value billed that were collected	Billed in Year	Collections in Year r	Proportion of accounts value billed that were collected
R						
Property Rates	144 831 417	140 654 193	97%	153 716 747	154 103 135	100%
Electricity - B	27 200 729	26 748 803	98%	28 865 374	29 200 437	101%
Electricity - C	208 294 952	204 834 238	98%	217 172 872	219 693 764	101%
Water - B	12 184 057	11 295 712	93%	13 563 847	12 953 311	95%
Water - C	92 717 172	85 957 119	93%	99 152 970	94 689 897	95%
Sanitation	43 858 825	40 764 930	93%	46 743 153	44 203 782	95%
Refuse	37 005 783	33 550 871	91%	41 826 756	37 800 860	90%
<i>B – Basic; C– Consumption. The proportion of account value billed is calculated by taking the total value of the year's revenues collected against the bills raised in the year by the year's billed revenues.</i>						

Table 165: Debt Recovery

3.29.2 Total employees – Financial Services

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 – 16	8	8	7	1	12.5
15 – 13	7	8	7	1	12.5
12 – 10	21	19	18	1	5.3
9 – 7	62	55	52	3	5.5
6 – 4	30	37	30	7	18.9
3 – 0	1	0	0	0	0
Undefined (Interns)	1	1	1	0	0
Total	130	128	115	13	10.2
As at 30 June 2015					

Table 166: Employees – Financial Services

3.30 Administration, Secretariat, Archives and Property Management

The administrative, secretariat and archives division renders a comprehensive and effective administrative support function within the municipality.

The main objectives of the Secretariat function are to ensure that

- ≈ agendas en minutes of all different meetings
 - are compiled and distributed according to legislation to Council, Management and relevant and interested parties/users
 - are displayed on the Council's website (minutes)
- ≈ Council, Mayoral Committees, Portfolio Committees and Section 79 Committees are scheduled and recorded
- ≈ resolutions of all meetings are distributed
- ≈ the administration relating to the function is executed

The administration section is responsible for:

- ≈ the placing of advertisements in the various newspapers
- ≈ the telephone administration
- ≈ liaison with councillors regarding their insurance and matters relating to declaration of their interest in municipal affairs
- ≈ receiving and responding to applications relating to the Promotion of Access to Information Act
- ≈ receiving and concluding contracts relating to the Mobile homes at the Leentjiesklip Holiday Resort

The records section ensures that

- ≈ incoming and outgoing correspondence are recorded and distributed timely
- ≈ the filing system is managed appropriately
- ≈ records are disposed of in accordance with legislation
- ≈ the archives are managed in a legally compliant manner

The Property management section is responsible to recommend, administer and manage the acquisition, enhancement, alienation, leasing and utilization of council-owned immovable property and rights in property.

Contract Administration

Managing of contracts (deed of sales, lease, and housing) based on Council's policy and resolutions.

Property Administration

Attending to enquiries and applications for alienation and letting of Council land Acquisition and disposal of land for municipal purposes (housing, services, and offices).

Property Management is prescribed by legislation i.e. MFMA, Municipal Systems and Structures Act, Asset Transfer regulations, Supply chain management act, etc.

It is the responsibility of the Property Management Section to adhere to this legislation to ensure that the strategic objectives of the Municipality and national government are supported and optimized.

The highlights for the year under review include the following:

- ≈ Purchase of Transnet property to the value of R10,5 million which will be used for the future development of the Vredenburg Urban Revitalization project.
- ≈ Selling of municipal land to Western Cape Government: Health Division for the future development of the Community District Health Clinic.

Some of the challenges that are experienced includes the following:

- ≈ Land Acquisition for Human settlement purposes in St Helena Bay, Whitecity and Saldanha from National/Provincial Government Departments as well as private owners.

3.30.1 Total employees – Administration, Secretariat, Archives and Property Management

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 – 16	1	2	2	0	0
15 – 13	2	1	1	0	0
12 – 10	3	4	4	0	0
9 – 7	7	7	6	1	14.3
6 – 4	6	9	9	0	0
3 – 0	0	24	20	4	16.7
Undefined (Interns)	0	3	3	0	0
Total	19	50	45	5	10.0
As at 30 June 2015					

Table 167: Employees – Administration, Secretariat, Archives and Property Management

3.30.2 Capital Expenditure – Administration, Secretariat, Archives and Property Management

Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
R'000					
Total all capital projects	10 725	0	10 500	225	10 725
Purchase of portion 35 of Witteklip	225	0	0	0	225
Purchase of land from Transnet: Expanding of office space	10 500	0	10 500	0	10 500
<i>The "total all" refers to the total of all the capital projects Only the largest capital projects are listed</i>					

Table 168: Capital Expenditure – Administration, Secretariat, Archives and Property Management

3.31 Human Resources

The main aim of HR services for SBM is to ensure that the correct number of employees, with the required skills, in the correct place and post level at the right time is available to the organisation to ensure effective and efficient service delivery to the community.

Each functional manager – each departmental head, section head, superintendent, foreman, supervisor and team leader – is responsible for setting objectives, delegating responsibilities, planning, motivating, development of skills and career paths/succession planning, measuring of performance, and general guidance of their staff. In this endeavours line management will be assisted by Human Resources Services who will provide policy, guidelines, support, systems and specialized inputs. This assistance is in essence a service, control and advisory function.

The highlights for the year under review were as follow:

- ≈ Opening of new Occupational Health Clinic
- ≈ Acquisition of the Audio Booth, Audiometry machine and Lung function/Spirometry equipment to render these services in house
- ≈ 3 Officials obtained their Grade 12 certificate
- ≈ 5 Officials obtained tertiary qualifications

3.31.1 Total employees – Human Resource Services

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 – 16	1	2	2	0	0
15 – 13	5	4	4	0	0
12 – 10	5	6	6	0	0
9 – 7	4	2	2	0	0
6 – 4	0	0	0	0	0
3 – 0	0	0	0	0	0
Undefined (Interns)	2	5	5	0	0
Total	17	19	19	0	0
As at 30 June 2015					

Table 169: Employees – Human Resource Services

3.32 Information and Communication Technology (ICT) Services

The ICT department have committed most of its time in the 2014/15 financial year to the procurement and development of a Wi-Fi Mesh network that would deliver broadband internet to every household in the municipal area. After extensive processes it has been concluded that a full Wi-Fi mesh is not affordable for Saldanha Bay municipality and therefor alternative methods to deliver broadband internet must be investigated. The department has also focussed on expanding the Wireless network of the municipality in order to reduce the cost of the leased line communication on the next telecommunications contract. All of our municipal offices and other municipal entities has now been added to the municipal network, this lead to massive expansion on the network. The biggest challenges remains the shortage of staff, the network and ICT systems keep expanding, but no additional staff is added to maintain these networks and systems. Another challenge is that departments still overlook the importance of the ICT aspects in the projects that they roll out, and these ICT issue are often addressed as an afterthought which means ICT is only called in once there is a problem. Most of these are problems that can be avoided if the importance of ICT is realised within the organisation and the ICT department is consulted before any purchases are made.

The highlights for the year include the following:

- ≈ Replacement of old assets
- ≈ Upgrading of ICT network
- ≈ Expansion / Upgrading of the radio network in order to reduce telecommunication costs
- ≈ Expansion of ICT network
- ≈ Wi-Fi Mesh Broadband project

Some of the challenges that are experienced include the following:

- ≈ Not enough capital resources for all our projects

- ≈ Not enough staff to meet all the demands of the user population
- ≈ Lack of collaboration from other departments with ICT department, failure of departments to consider ICT issues before taking on projects.
- ≈ The importance of ICT is undervalued.

3.32.1 Service Statistics – Information and Communication Technology (ICT) Services

Details	2013/14	2014/15
Provide ICT support to all municipal departments by attending to requests within 4 working days	74%	64%
Total number of support requests / enquiries	2 505	3 671
Total number of support requests / enquiries solved within 4 days	1 858	2 350

Table 170: Service Data for Information and Communication Technology (ICT) Services

3.32.2 Total employees – Information and Communication Technology (ICT) Services

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 – 16	1	1	1	0	0
15 – 13	4	4	4	0	0
12 – 10	1	1	1	0	0
9 – 7	0	0	0	0	0
6 – 4	0	0	0	0	0
3 – 0	0	0	0	0	0
Total	6	6	6	0	0
As at 30 June 2015					

Table 171: Employees – Information and Communication Technology (ICT) Services

3.32.3 Capital Expenditure – Information and Communication Technology (ICT) Services

Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
R'000					
Total all capital projects	4 109	3942	3 530	(579)	(3 530)
LCD 17 consoles"	40	1	0	(40)	0
43U sever racks	40	1	0	(40)	0
Air conditioner 48btu	200	171	170	(30)	170
APC smart UPS's	130	36	36	(94)	36

Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Servers (infrastructure)	375	5	0	(375)	0
Computers	378	378	378	0	378
Cordless drills	5	5	5	0	5
Laptops	210	210	210	0	210
Laptops	60	60	60	0	60
Photostat machines	151	151	151	0	151
Screens x 6	9	9	9	0	9
Television & docking stations	0	57	0	0	0
Desk computer	6	6	6	0	6
Table	3	3	3	0	3
Desk	4	4	4	0	4
20m power leads	0	1	0	0	0
Cordless drill	0	1	0	0	0
Computer screen	45	45	45	0	45
Switches 5 port	4	4	4	0	4
Routers	7	7	7	0	7
48 port switches	52	52	52	0	52
Computer server HP DL380 gen 8	218	334	218	0	218
Microsoft volume license	1 784	1 965	1 784	0	1 784
Computers training room x 10	86	86	86	0	86
Computer printers 3-in-1	23	23	23	0	23
Computer printers all-in-one	31	31	31	0	31
High speed colour laser printer	5	5	5	0	5
Nitro pro software	2	2	2	0	2
A4 scanner	0	5	0	0	0
Chess software package	0	39	0	0	0
Computer pc's	54	54	54	0	54
TV screen x 3	0	3	0	0	0
Kodak scanner	82	82	82	0	82
Digital recorder	6	6	6	0	6
Voting remotes	38	38	38	0	38
Fax machines x 3	0	1	0	0	0
Desk 2 seater	37	37	37	0	37
Laptops - interns x 2	20	20	20	0	20
Colour printer 4 in 1	1	1	1	0	1
Scanner	3	3	3	0	3
The "total all" refers to the total of all the capital projects					

Table 172: Capital Expenditure: Information and Communication Technology (ICT) Services

3.33 Internal Audit

The main focus areas were compliance to applicable laws, regulations, policies and procedures which resulted in both assurances as well as consulting work. During the year under review the internal audit activity were able effectively execute 100% of the adopted revised risk based internal audit plan.

To assist the audit committee with their oversight responsibility and provide them with relevant information in a timely manner internal audit followed-up, reported and facilitated the reporting process of management of matters raised by the Auditor-General during their 2012/13 regulatory audit. During these reviews it was noted that action plans has been put in implemented to address control weaknesses, however, a focused approach to other matters will need to be implemented to adequately mitigate other adverse outcomes in the future as the root cause is not addressed and adequately mitigated.

In our departmental endeavour to strengthen and develop the skills of the Internal Audit Activity and in line with standard 1300 of the IIA regarding quality assurance; all internal auditors have completed the theoretical modules of the Internal Auditing Technician (IAT) training presented by the Institute of Internal Auditors. This training have been identified to supplement auditor's formal qualifications and strengthen the auditor's practical knowledge to provide better services to our clients.

Due to limited resources, the wide range of processes and procedures involved in a local government environment and the necessary skills and knowledge required to audit those areas and in an effort to comply with the compliance requirements set forth by the standards, it have been a challenging year to provide sufficient assurance services to the organisation on all high risk areas and to provide and maintain the high level of value add which the department have set for itself. However this is being addressed by empowering officials with knowledge with them attending identified training. Furthermore with the appointment of the risk manager and risk processes imbedded, to an extent, it is envision to implement a combined assurance module which would ensure that the appropriate level of assurance is provided on all identified risk areas.

The improvement in processes and applied methodologies assisted with the progress made to ultimately ensure conformance with the International Standards for the professional Practice of Internal Auditing (Standards) (IPPF) as prescribed by The Institute of Internal Auditors (IIA).Room for improvements still exist and some obstacles needs to be overcome, however steady progress is made with management being positive that a favourable quality assurance report will be achievable by July 2020, when a full external Quality Assessment review will be performed.

3.33.1 Total employees –Internal Audit

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 – 16	0	1	1	0	0
15 – 13	1	1	1	0	0
12 – 10	4	4	4	0	0

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
9 - 7	0	0	0	0	0
6 - 4	0	0	0	0	0
3 - 0	0	0	0	0	0
Total	5	6	6	0	
<i>As at 30 June 2015</i>					

Table 173: Employees –Internal Audit

3.34 Legal Services

Legal Services manages the implementation, monitoring, evaluation and reporting sequences of outcomes associated with programmes designed to accomplish key service delivery objectives with respect to Legal Services through the co-ordination of operations against departmental, statutory and audit guidelines in order to ensure that legal services are managed and maintained in accordance with laid down quality standards and customer focussed to ensure legal compliance and provide legal direction in ensuring effective and efficient service delivery.

The main objectives are as follow:

- ≈ To distribute all new legislation and proclamations distributed to all Departments
- ≈ To promulgate by-laws; and
- ≈ To provide legal opinions and input on policies, contracts, agreements, legislation, by-laws and authorities.
- ≈ Attend to on-going litigant matters within the legislative timeframes

The highlights for the year under review were as follow:

- ≈ Establishment of the Legal Compliance System;
- ≈ No cost orders against Council; and
- ≈ Working closely with directorates to minimise risk and to ensure legal compliance.

3.34.1 Total employees –Legal Services

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
18 - 16	1	2	1	1	50.0
15 - 13	1	0	0	0	0
12 - 10	0	0	0	0	0
9 - 7	1	1	1	0	0

2014/15					
TASK Job Level	Employees 2013/14	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
6 - 4	0	0	0	0	0
3 - 0	0	0	0	0	0
Total	3	3	2	1	33.3
<i>As at 30 June 2015</i>					

Table 174: Employees -Legal Services

3.35 Procurement Services

An effective supply chain management system must give effect to the five pillars in terms of the Constitution which is fair, equitable, transparent, competitive and cost-effective. Certain challenges were identified through the year and below are a table to indicate the performance. All processes followed is aligned with requirements

The highlights for the year under review were as follow:

- ≈ Implemented comprehensive operational delegations to ensure effective service delivery in SCM unit.
- ≈ Training: Middle Management Program, Municipal Finance Management Program. Courses: Computer skills, General condition of contract for construction works.
- ≈ Procurement plan (bids) was compiled in cooperation with the Directorates.
- ≈ Local content and production was implemented.
- ≈ Municipality went into agreement with Provincial Treasury to implement Western Cape Supplier Database – implemented on 1 July 2015. Awareness was created regarding importance of registration. Opportunities were created for local businesses to partake in processes in Province.
- ≈ Standardized templates were created for compliance checks and reports to Bid Evaluation Committees.

Some of the challenges that are experienced include the following:

- ≈ Insufficient capacity
- ≈ Insufficient planning by Directorates to ensure timeous service delivery

3.35.1 Service Statistics –Procurement Services

Details	2012/13	2014/15
Capacity: Appointment of Accountant: Acquisition and Demand Management	2 vacancies were filled and there is 1 position vacant. Other vacancies is not funded.	All vacancies were filled by June 2015.
Tenders Awarded	63	56
Started with implementation of Vendor performance for awards above R200 000 Electronic Vendor performance will be implemented with a formal structure of rehabilitation, rating of performance for quotes between R30 000 and R200 000 as well	The development of the vendor performance system took longer than anticipated. The Contract Management module was implemented during March. The system will only be procured if the piloting was successful.	A Contract management module will only be procured during 2015/16.

Table 175: Service Data for Procurement Services

COMPONENT I: ORGANISATIONAL PERFORMANCE SCORECARD

This component includes the Annual Performance Scorecard Report for the current year.

3.37 Development and Service Delivery Priorities for 2014/15

The main development and service delivery priorities for 2014/15 is the Municipality's top layer SDBIP for 2014/15 and are indicated in the table below:

3.37.1 To diversify the economic base of the municipality through industrialisation, whilst at the same time nurturing traditional economic sectors

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL10	Create temporary jobs - FTE's in terms of EPWP by 30 June 2016 (Person days / FTE (230 days))	Number of FTE's created by 30 June 2016	All	80
TL41	Compile an action plan to improve on the LED maturity assessment level and submit to council by 31 May 2016	Action plan compiled and submitted to council by 31 May 2016	All	1

Table 176: Service Delivery Priorities for 2015/16 – To diversify the economic base of the municipality through industrialisation, whilst at the same time nurturing traditional economic sectors

3.37.2 To develop an integrated transport system to facilitate the seamless movement of goods and people within the municipal area and linkages with the rest of the district and the City of Cape Town

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL24	KM's of roads resurfaced/rehabilitated by 30 June 2016	KM's resurfaced/rehabilitated by 30 June 2016	All	2
TL25	KM's of stormwater drainage installed by 30 June 2016	KM's installed by 30 June 2016	12; 13	0.8
TL26	KM's of pedestrian walkways constructed by 30 June 2016	KM's constructed by 30 June 2016	All	10

Table 177: *Services Delivery Priorities for 2015/16- To develop an integrated transport system to facilitate the seamless movement of goods and people within the municipal area and linkages with the rest of the district and the City of Cape Town*

3.37.3 To develop safe, integrated and sustainable neighbourhoods

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL20	Number of top structures completed in terms of the housing plan by 30 June 2016	Number of top structures completed by 30 June 2016	1; 4; 11	340
TL21	Number of sites serviced by 30 June 2016	Number of sites serviced by end June by 30 June 2016	7	62
TL23	Complete the draft Integrated Zoning Scheme and submit to Council by 30 June 2016	Integrated Zoning Scheme completed and submitted to council by end June 2016	All	1
TL48	Review the housing beneficiary selection policy and submit to the Portfolio Committee by the 31 March 2016	Housing beneficiary policy reviewed and submitted to Portfolio Committee by 31 March 2016	All	1

Table 178: *Services Delivery Priorities for 2015/16 - To develop safe, integrated and sustainable neighbourhoods*

3.37.4 To maintain and expand basic infrastructure as a catalyst for economic development

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL1	Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network as at 30 June 2016	Number of residential properties which are billed for water or have pre paid meters as at 30 June 2016	All	22,600
TL2	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) at 30 June 2016	Number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas) at 30 June 2016	All	22,300

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL3	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) at 30 June 2016	Number of residential properties which are billed for sewerage at 30 June 2016	All	20,400
TL4	Number of formal residential properties for which refuse is removed once per week at 30 June 2016	Number of residential properties which are billed for refuse removal at 30 June 2016	All	23,900
TL9	The percentage of the municipal capital budget actually spent on capital projects as at 30 June 2016 (Actual amount spent on capital projects/Total amount budgeted for capital projects)X100	% of the municipal capital budget actually spent on capital projects as at 30 June 2016	All	95%
TL18	95% of the electricity capital budget spent by 30 June 2016 {(Actual capital expenditure divided by the total approved capital budget)x100}	% of the electricity capital budget spent by 30 June 2016	All	95%
TL19	95% of the electricity maintenance budget spent by 30 June 2016 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the electricity maintenance budget spent by 30 June 2016	All	95%
TL22	Number of vehicles purchased for the financial year by 30 June 2016	Number of vehicles purchased by end June 2016	All	16
TL27	95% of the roads and stormwater capital budget spent by 30 June 2016 {(Actual capital expenditure divided by the total approved capital budget)x100}	% of the roads and stormwater capital budget spent by 30 June 2016	All	95%
TL28	95% of the roads and stormwater maintenance budget spent by 30 June 2016 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the roads and stormwater maintenance budget spent by 30 June 2016	All	95%
TL29	95% of the refuse removal capital budget spent by 30 June 2016 {(Actual capital expenditure divided by the total approved capital budget)x100}	% of the refuse removal capital budget spent by 30 June 2016	All	95%
TL30	95% of the refuse removal maintenance budget spent by 30 June 2016 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the refuse removal maintenance budget spent by 30 June 2016	All	95%
TL31	95% of the sewerage capital budget spent by 30 June 2016 {(Actual capital expenditure divided by the total approved capital budget)x100}	% of the sewerage capital budget spent by 30 June 2016	All	95%

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL32	95% of the sewerage maintenance budget spent by 30 June 2016 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the sewerage maintenance budget spent by 30 June 2016	All	95%
TL33	95% of the water capital budget spent by 30 June 2016 {(Actual capital expenditure divided by the total approved capital budget)x100}	% of the water capital budget spent by 30 June 2016	All	95%
TL34	95% of the water maintenance budget spent by 30 June 2016 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the water maintenance budget spent by 30 June 2016	All	95%
TL35	Limit unaccounted for electricity to less than 13% by 30 June 2016 {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold (incl Free basic electricity)) / Number of Electricity Units Purchased and/or Generated) × 100}	% unaccounted electricity by 30 June 2016	All	13%
TL36	Limit unaccounted for water to less than 15% by 30 June 2016 {(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold (incl free basic water) / Number of Kilolitres Water Purchased or Purified × 100}	% unaccounted water by 30 June 2016	All	15%
TL37	95% water quality level obtained as per SANS 241 physical and micro parameters	% water quality level	All	95%
TL38	Achieve 95% Blue Drop score by 30 June 2016	% Blue drop score achieved by 30 June 2016	All	95%
TL49	95% of the maintenance budget spend by 30 June 2016 in the Saldanha area excluding workshop related maintenance (Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent by 30 June 2016	6	95%
TL50	95% of the maintenance budget spend by 30 June 2016 in the Vredenburg area excluding workshop related maintenance (Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent by 30 June 2016	9; 11	95%
TL51	95% of the maintenance budget spent by 30 June 2016 in the Langebaan/Hopefield area excluding workshop related maintenance (Actual expenditure	% of the maintenance budget spent by 30 June 2016	7; 8	95%

Ref	KPI	Unit of Measurement	Wards	Annual Target
	on maintenance divided by the total approved maintenance budget)x100}			
TL52	95% of the maintenance budget spent by 30 June 2016 in the St Helena/Paternoster area excluding workshop related maintenance (Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent by 30 June 2016	12; 13	95%

Table 179: Services Delivery Priorities for 2015/16 - To maintain and expand basic infrastructure as a catalyst for economic development

3.37.5 An effective, efficient and sustainable developmental oriented municipal administration

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL11	Appointments in 3 highest levels of management that comply with the Employment Equity Plan	Number of appointments made in 3 highest levels of management	All	1
TL12	Percentage of municipality's personnel budget actually spent on implementing its workplace skills plan measured as at 30 June 2016 ((Total Actual Training Expenditure/ Total personnel Budget)x100))	% of municipality's personnel budget actually spent on implementing its workplace skills plan as at 30 June 2016	All	0.50%
TL13	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations as at 30 June 2016 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	Debt to Revenue as at 30 June 2016	All	15%
TL14	Financial viability measured in terms of the outstanding service debtors as at 30 June 2016 (Total outstanding service debtors/ revenue received for services)	Service debtors to revenue as at 30 June 2016	All	18%
TL15	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2016 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Cost coverage as at 30 June 2016	All	1.5

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL42	Achieve a payment percentage of above 96% by 30 June 2016 ((Gross Debtors closing Balance + Billed Revenue - Gross Debtors Opening Balance + Bad Debts Written off)/Billed Revenue) x 100)	Payment %	All	96%
TL43	Limit the vacancy rate to less than 10% of budgeted posts by 30 June 2016 ((Number of posts filled/Total number of budgeted posts)x100)	% vacancy rate	All	10%
TL44	Develop an Absentee Management Strategy and submit to Council by 30 June 2016	Absentee Management Strategy developed and submit to Council by 30 June 2016	All	1
TL45	Develop an ICT Governance Policy implementation plan and submit to Council by 31 December 2015	ICT Governance Policy implementation plan submitted to Council by 31 December 2015	All	1
TL46	Implement a Corporate Complaints Management System by 30 June 2016	Corporate Complaints Management System implemented by 30 June 2016	All	1
TL47	Appoint a service provider by 30 June 2016 to implement an Integrated Security System for all identified municipal sites	Services provider appointed by 30 June 2016	All	1

Table 180: Service Delivery Priorities for 2015/16 - An effective, efficient and sustainable developmental oriented municipal administration

3.37.6 To be an innovative municipality on the cutting edge in respect of the use of technology and best practice

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL16	95% of the municipal building capital budget spent by 30 June 2016 {(Actual capital expenditure divided by the total approved capital budget)x100}	% of the municipal building capital budget spent by 30 June 2016	All	95%
TL17	95% of the maintenance budget spent for municipal buildings by 30 June 2016 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent for municipal buildings by 30 June 2016	All	95%

Table 181: Service Delivery Priorities for 2015/16 - To be an innovative municipality on the cutting edge in respect of the use of technology and best practice

3.37.7 To ensure compliance with the tenets of good governance as prescribed by legislation and best practice

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL5	Provide free basic water to indigent households	Number of households receiving free basic water	All	7,000
TL6	Provide free basic electricity to indigent households	Number of households receiving free basic electricity	All	7,100
TL7	Provide free basic sanitation to indigent households	Number of households receiving free basic sanitation	All	5,400
TL8	Provide free basic refuse removal to indigent households	Number of households receiving free basic refuse removal	All	6,800
TL39	Develop a 3 year strategic and one year operational risk based internal audit plan with emphasis of section 165 of the MFMA and identified high risk areas and submit to the Audit Committee by 30 June 2016	3 Year strategic and one year operational risk based internal audit plan submitted to the Audit Committee by 30 June 2016	All	1
TL40	Achieve at least a level 3 maturity rating by 30 June 2016 for the enterprise risk management within the municipality	Level 3 rating achieved by 30 June 2016	All	1

Table 182: Service Delivery Priorities for 2015/16 - To ensure compliance with the tenets of good governance as prescribed by legislation and best practice

3.37.8 To ensure compliance with the tenets of good governance as prescribed by legislation and best practice

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL4	Compile a compliance register and submit to the MM by end June	Compliance register compiled and submitted to the MM by end June	All	1
TL9	Provide free basic electricity to indigent households	Number of households receiving free basic electricity	All	7,100
TL10	Provide free basic water to indigent households	Number of households receiving free basic water	All	7,000
TL11	Provide free basic sanitation to indigent households	Number of households receiving free basic sanitation	All	5,400
TL12	Provide free basic refuse removal to indigent households	Number of households receiving free basic refuse removal	All	6,800
TL19	Develop a 3 year strategic and one year operational risk based internal audit plan with emphasis of section 165 of the MFMA and identified high risk areas and submit to the Audit Committee by end June	3 Year strategic and one year operational risk based internal audit plan submitted to the Audit Committee by end June	All	1
TL20	Achieve at least a level 3 maturity rating by end June for the enterprise risk management within the municipality	Level 3 rating achieved by end June	All	1

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL22	Develop a draft Integrated Strategic Development Framework (ISDF) and submit to Council by end February	Draft Integrated Strategic Development Framework (ISDF) developed and submitted to Council by end February	All	1

Table 183: *Service Delivery Priorities for 2014/15- To ensure compliance with the tenets of good governance as prescribed by legislation and best practice*

Chapter 4: Organisational Development Performance

(Performance Report Part II)

4.1 National Key Performance Indicators – Municipal Transformation and Organisational Development

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area – Municipal Transformation and Organisational Development.

KPA& INDICATORS	2013/14	2014/15
The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	0	1
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	0.14%	0.44

Table 184: National KPIs- Municipal Transformation and Organisational Development

4.2 Introduction to the Municipal Workforce

The staff establishment for the 2014/2015 financial year were budgeted at 1046 employees. As on 30 June 2015 the total number of employees was **969** (excluding non-permanent positions), who individually and collectively contribute to the achievement of Municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.



Annual Long Service Awards honours committed and dedicated municipal staff
Dedicated employees who have been employed at Saldanha Bay Municipality for 10, 15, 20, 25, 30 and 35 years were honoured at a special Long Service Awards Ceremony for their uninterrupted and devoted public service. The event was held at Blue Bay Lodge in Saldanha on 19 November 2014.

4.3 Employment Equity

The Employment Equity Act (1998) Chapter 3, Section 15 (1) states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The national performance indicator also refers to: "Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan"

4.3.1 Employment Equity

African			Coloured			Indian			White		
Target June	Actual June	Target reach	Target June	Actual June	Target reach	Target June	Actual June	Target reach	Target June	Actual June	Target reach
331	234	70.7%	557	634	113.8%	3	3	100%	170	93	54.7%

Table 185: EE targets/Actual by racial classification

Male			Female			Disability		
Target June	Actual June	Target reach	Target June	Actual June	Target reach	Target June	Actual June	Target reach
549	641	116.8%	499	323	64.7%	21	6	28.6%

Table 186: EE targets/actual by gender classification

4.3.2 Posts Filled in 2014/15: Employment Equity

Description	African	Coloured	Indian	White	Total
Number for positions filled for the 2014/15 financial year	46	75	0	27	148
% for Positions filled	31.08	50.6	0	18.2	100

Table 187: EE population

4.3.3 Occupational Categories – Race

Below is a table that indicate the number of employees by race within the specific occupational categories:

Posts filled									
Occupational categories	Male				Female				Total
	A	C	I	W	A	C	I	W	
Legislators, senior officials and managers	9	28	1	23	0	11	0	5	77
Professionals	1	11	0	6	4	19	0	9	50
Technicians and associate professionals	25	97	2	16	4	4	0	0	148
Clerks	10	31	0	3	13	83	0	20	160
Service and sales workers	12	28	0	2	12	22	0	3	79

Posts filled									
Occupational	Male				Female				Total
categories	A	C	I	W	A	C	I	W	
Plant and machine operators and assemblers	46	105	0	6	9	17	0	0	183
Elementary occupations	62	132	0	5	30	68	0	0	297
Total permanent	165	432	3	61	72	224	0	37	994*
Non- permanent	0	0	0	0	0	0	0	0	0
Grand total	165	432	3	61	73	224	0	37	994
*Include councillors									

Table 188: Occupational Categories

4.3.4 Occupational Levels - Race

The table below categories the number of employees by race within the occupational levels:

Occupational	Male				Female				Total
Levels	A	C	I	W	A	C	I	W	
Top Management	1	1		3					5
Senior management	1	6	0	6	0	2	0	2	17
Professionally qualified and experienced specialists and mid- management	3	18	0	11	0	7	0	1	41
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	15	76	2	23	15	40	0	25	194
Semi-skilled and discretionary decision making	78	190	0	9	27	102	0	8	414
Unskilled and defined decision making	62	132	0	5	30	68	0	0	297
Total permanent	160	423	2	57	72	219	0	36	969
Non- permanent employees	5	9	1	4	0	5	0	1	25
Grand total	165	432	3	61	72	224	0	37	994

Table 189: Occupational Levels

4.3.5 Departments - Race

The following table categorises the number of employees by race within the different departments:

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Office of the Municipal Manager	1	6	0	2	1	7	0	4	21
Corporate Services	13	21	0	9	13	71	0	11	138
Financial Services	6	34	0	10	10	40	0	15	115
Community and Operational Services	75	177	0	6	34	61	0	1	354
Engineering & Planning Services	65	185	2	30	14	40	0	5	341
Total permanent	160	423	2	57	72	219	0	36	969
Non- permanent employees	5	9	1	4	0	5	0	1	25
Grand total	165	432	3	61	72	224	0	37	994

Table 190: Department – Race

4.3.6 Trade Union Membership

The following table provides information on the trade union membership of the employees of the municipality:

Union	Number of members	% of Total Compliment	Number of members	% of Total Compliment
	2013/14		2014/15	
SAMWU	571	59%	542	55.9%
IMATU	317	33%	328	33.8%
Non members	78	8%	99	10.0%
Double membership	0	0	0	0
Total	966	100%	969	100%

Table 191: Trade Union membership

4.4 Vacancy Rate

The approved organogram for the municipality had 1 041 posts for the 2014/15 financial year. The actual positions filled are indicated in the tables below by post level and by functional level. 76 posts were vacant at the end of 2014/15, resulting in a vacancy rate of 7.3%.

Below is a table that indicates the vacancies within the municipality:

PER POST LEVEL		
Post level	Filled	Vacant
MM & MSA section 57 & 56	5	0
Senior management	13	1
Professionals and Middle management	43	6
Skilled technical and academically qualified workers, junior	182	12

PER POST LEVEL		
Post level	Filled	Vacant
management, supervisors, foremen and superintendents		
Semi - skilled	408	22
Unskilled and defined decision making	308	36
Non- permanent employees (Interns & Admin: Office of Mayor)	10	0
Total	969	77
PER FUNCTIONAL LEVEL		
Functional area	Filled	Vacant
Office of the Municipal Manager	21	2
Corporate Services	138	8
Financial Services	115	13
Community and Operational Services	354	29
Engineering & Planning Services	341	25
Total	969	77

Table 192: Vacancy rate per post and functional level

4.5 Turnover rate

A high turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organizational knowledge. Below is a table that shows the turnover rate within the municipality. The turnover rate for 2013/14 was **5.3 %** and increased to **7.5%** in 2014/15.

The table below indicates the turn-over rate over the last two years:

Financial year	Total no appointments at the end of each Financial Year	New appointments	No Terminations during the year	Turn-over Rate
2013/14	966	62	51*	5.3%
2014/15	969	139	73**	7.5%
*Types of terminations: Resignations: 21, Deceased: 2, Dismissed: 5, Retirement: 16, Other: 11, Health: 1 ** Types of terminations: Resignations (29); Deceased (7); Dismissed (14); Retirement (18); Health (5)				

Table 193: Turnover Rate

4.6 Managing the Municipal Workforce

Managing the municipal workforce refers to analysing and coordinating employee behaviour.

4.6.1 Injuries

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease and can be costly to a municipality. Occupational injury will influence the loss of man hours and therefore financial and productivity performance.

The injury rate shows an **increase** from the 2013/14 financial year from 7 employees injured against 81 employees in the 2014/15 financial year. Although more injuries recorded as Injuries on Duty (IOD) incidents and officials report to the clinic referred for medical observation only 9 resulted in WCA cases.

Types of injuries were hand, foot and back injuries where lifting of heavy equipment is involved or where employees are exposed to standing on their feet for long hours.

We have experience a decrease in vehicle related accidents which is good as this still remain our biggest risk as driver do spend lots of hours on the road.

Important to note that incident/injuries by members of the public has increase as people reported incidents of fallen into open manholes. The municipality has started an educational drive by educating the public to report the theft of manholes and where manholes covers are stolen to report it to the municipality to take appropriate action.

The municipality has also experience a lot of theft incidents which were investigated by the police. This is not just a local problem but other municipalities experience similar problems.

The municipality has start with a random testing campaign educating our employees about the dangers of alcohol and drug use in the workplace. This had some positive results and we aim to continue this education drive.

The SHER office has together with provincial office run a campaign at the local school educating school children about disaster management and how to manage it at home.

Important to note is that the Expanded public works programme (EPWP) also reflects under the SHE stats as SBM are regarded as the employer. During this financial year we did have 10 injury reports by the Expanded Public works program. The increase in the number could be as a result of SBM implementing the EPWP Maintenance teams in the different towns. These officials were working with SBM officials, which exposed them to the same type of risk in the workplace. Injuries reported were minor once and no official were booked off for more than one day.

The table below indicates the total number of injuries within the different directorates:

Directorates	2013/14	2014/15
Office of the Municipal Manager	0	1
Financial Services	1	5
Engineering and Planning Services	2	51
Corporate Services	1	1
Community and Operational Services	3	13
Other (EPWP)	0	10
Total	7	81

Table 194: Injuries

Injuries in the Operational Services and Engineering and Planning services are normally higher due to the nature of work and the constant handling of equipment and machinery. Most of the injuries reported were small cuts too fingers or where persons reported back strain injuries due to improper bending techniques. The numbers reflected demonstrate the officials who reported IOD to the SBM clinic. Not all injuries resulted in reportable injuries (WCA) cases. The number of WCA cases reported amount to nine (9) for this financial year which is good in comparison to industry rates. All cases where officials are booked-off for longer periods, the cases are reported to the Workmen's Compensation Commissioner as prescribed.

The table below indicates the incidence frequency rate:

Description	Jul 14	Aug 14	Sep 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15
Accumulative injury rate	1.91	1.21	0.78	0.92	1.25	1.20	1.15	0.95	0.77	1.19	1.01	0.84
Lost time injury frequency rate (LTIFR)*	0.38	0.24	0.16	0.19	0.25	0.24	0.23	0.19	0.15	0.12	0.11	0.16
Injuries	4	3	9	11	12	5	5	18	14	6	5	5
Theft/Property damage incidents	2	2	1	1	2	5	11	4	3	1	4	6
Vehicle related incidents	3	3	5	1	3	5	7	7	3	1	3	4
*Lost time injury frequency rate (LTIFR) is calculated as follow. It reflects the number of employees on your pay roll, calculated by the number of hours worked, this include overtime and standby, by all SBM officials, divided by the number of injuries during the month/year and the amount of hours that the officials that were injured lost by not been at work because of the injury or incident												

Table 195: Incidence Frequency Rate

Incidents involving theft is where electrical cable underground has been stolen that leads to huge financial losses. This amounts to over R75 000.00 and this is only for the cable that has been stolen and do not include the installation and labour to replace these cables or electrical boxes that need to be replaced after been vandalised. There have also been a few cases reported of persons getting injured due to falls in open manhole or drains where drain covers has been stolen. We still have a number of vehicle related incidents, but these incidents are now being monitored. Incidents reported by members of the public relating to water

spillage or pipe breakages have also increase and all these cases has been referred to our insurers. Most cases have been rejected by the insurers as most of these cases indicated that the municipality cannot be held responsible for theft of drain/manhole covers. This is a national challenge and persons staying with in the municipal area has a duty to report the theft of open manholes/draincovers to the municipality to take action. We have started with a drive to create awareness in the community to inform the municipality of open draincovers when observed so that it can be rectified. The municipality has a team who has regular meetings with SAPS and other stakeholders, as well as scrapmetal dealers on how to address this problem.

Proper investigations are conducted to determine root causes and accident recalls are done within the department as well as through the Central Safety committee.

Successes for 2014/15 were the Third place that the municipality was awarded in the annual St Johns industrial first aid competition. This was a first for us as well as our first time taking part in this event.

4.6.2 Occupational Health and Safety



SHER AUDIT AWARDS OF EXCELLENCE

Saldanha Bay Municipality (SBM) announced its 5 star safety grading obtained during the external SHER (Safety, Health, Environment and Risk) audit in 2014. SBM has over the past four years improved on its performance by obtaining a 95% score (5 stars).

4.6.2.1 Assessment Series: OHSAS 18001: 2007

For the past four years, Saldanha Bay Municipality (SBM) demonstrated its commitment towards Safety, Health and Environment (SHE) standards by maintaining a 5 Star SHE grading. In terms of our strategic vision, SBM set a new benchmark towards excellence in striving to achieve the OHSAS 18001:2007 certification. OHSAS 18001 is an internationally recognised system which focuses on implementing safety, health and environmental standards that is internationally recognised. Our goal is to achieve this certification by the end of 2015. If SBM achieves this goal, it would be a first for any municipality in South Africa.

4.6.2.2 External SHE certification 2014

An audit was conducted on the Health and Safety Management system of Saldanha Bay Municipality considering the requirements of the International benchmark for OHS, OHSAS 18001:2007. SBM has committed to certification towards the end of 2014 and audit report has focused on these requirements in order to assist SBM with added direction and focus. SBM has once again manage to improve on its SHE performance and with hard work and dedication manage to achieve **7 010** out of a maximum of 7 375 points; scoring 95.05% and received a **5 star award**.

4.6.2.3 Health Surveys conducted

Occupational Hygiene Monitoring was conducted at all the different departments during October 2013 to ensure its compliance to Health monitoring in the workplace. The purpose of the monitoring was to determine the acceptability or otherwise of specified occupational hygiene conditions at specified sections of various municipal facilities and if any unacceptable conditions exist, to submit recommendations on possible rectification measures and personal protection. Test conducted included noise monitoring, illumination monitoring, and air quality monitoring and ergonomic studies.

4.6.2.4 Occupational Health and Safety Statistics



Saldanha Bay Municipality's employee clinic officially opened its doors at its new premises on Tuesday, 2 December 2014. The clinic, now situated in Floryn Street in Vredenburg offers occupational health services to employees of the municipality and boasts three examination rooms and one audio room.

Each department's health risk assessment was done and depending on the outcome, a medical surveillance was performed by the Occupational Health Facility. If the noise was above 85DB according the Noise Induced Hearing Loss Circular 171 of OHS Act 85 of 1993, those employees audiometry were done at our Health Facility.

Pre-Employment and Pre- Placement medical examinations are done at our Occupational Health Facility to ensure that each employee prior to commencing in the workplace are healthy and a fitness certificate will be issued.

There was an increase in the visits to the Occupational Clinic due to the increase in the annual medical examinations done.

Description	2013/14	2014/15
Clinic visits		
Clinic visits	3 476	3 624
Dr Appies	271	189
TB treatment	7	6
Incidence on duty		
First	107	93
Medical treatment at SBM Occupational Health Clinic	5	90
Lost Time Injury (LTI)	7	9
Other		
Audiometry	180	283
Sick certificates	123	120
Referrals	104	168
Accept Consent Test Support (ACTS)	0	18

Table 196: Statistics - Occupational Health and Safety

4.6.3 Employee Wellness



Municipal wellness day promotes a healthier lifestyle

Saldanha Bay Municipality recently held a Wellness Day to promote employee wellness and encourage its staff to live a healthier lifestyle. Themed "Choose to be fit", this annual event comprised of health screenings, eye tests, dental care, financial counselling, legal counselling, talks pertaining to making smarter food choices and the promotion of regular exercises. This year's Wellness Day was well attended by councillors, management and employees from all the Saldanha Bay Municipal offices.

4.6.3.1 Introduction

The Employee Wellness Programme is the organizational resource that utilizes specific core technologies to enhance employee and workplace effectiveness through prevention, identification and resolution of personal and productivity issues.

Employee Wellness is a strategy to ensure that a safe and healthy work and social environment is created and maintained, together with individual wellness commitment that enables employees to perform optimally while meeting all health and safety legislative requirements and other relevant wellness good practices in support of the achievement of organizational objectives. The EAP works closely with the Health and Safety Manager and the Occupational Health Practitioner.

The effectiveness of an established programme aims at managing behavioural risks and promoting health and wellness amongst employees and their families. The benefits would result in reduced absenteeism, increased productivity, reduced costs, and improved morale and encourage work/life balance.

The marketing of the EAP service remains a continuous process by visiting our towns and interacting with the employees.

Substance abuse remains a serious problem and so is the relapse rate, which is currently 90%. Employees who require in-patient rehabilitation are still required to attend sessions with the EAP Addiction Support group.

- ≈ The EAP Practitioner implemented the Sexual Harassment (BRAVE) Campaign to SBM's employees during September/ October 2014. The aim was to educate and make all employees aware of the Sexual Harassment Policy. A total of 352 employees attended the campaign.
- ≈ SBM's "Pink Friday", initiated by the EAP Practitioner in October 2013, took place on 24 October 2014 when employees were encouraged to wear something pink in support of fighting breast cancer and creating a positive awareness.

- ≈ The World Aids Day 2014 HCT Campaign took place in Hopefield, Langebaan. Saldanha Bay, Vredenburg and Laingville from 3 to 5 December 2014. SBM partnered with TB/HIV Care Association who conducted the testing. A total of 496 employees were tested. (318 males and 178 females).
- ≈ The Wellness Educators undertook Awareness programmes in their particular sections and towns for CONDOM/STI WEEK during February 2015. This proved very successful.
- ≈ The Wellness Educators represented SBM AT Cansa's RELAY FOR LIFE on 7-8 March 2015. This was another cancer awareness campaign.
- ≈ SBM's WELLNESS DAY 2015 was successfully implemented on 9 April 2015 at Vredenburg High School Hall. A total of 523 employees attended and were given the opportunity to have their annual health tests, viz cholesterol, diabetes, hypertension, eye tests and BMI. The Service providers included Bonitas Marketing, Atfin, LA Health, Verso, Bonitas, Keyhealth, Hosmed, Occuvision, Heyno Kraft Bio kinetics, Dept. Of Justice, TB/HIV Care, WP Blood Transfusion Service, CANSA, SANCA (SA National Council on Alcoholism and Drug Dependence, Tae Bo instruction and SBM Health and safety Dept.
- ≈ Heyno Kraft Bio kinetic provided a comprehensive report on the health status of the employees who attended the Wellness Day. High risk groups were identified. An intervention plan will be compiled in 2015/2016 in order to address the health issues and reduce the health risks and improve the general health and wellbeing of employees.
- ≈ SBM's Candlelight Memorial Events took place successfully on 26th, 28th, 29th May 2015 and 5th, 8th, 11th June 2015 were implemented in the various towns and departments from the 27th to 29th May 2014. This HIV/AIDS Workplace Programme was implemented by the Wellness Educators.

4.6.3.2 Employee Wellness: Functions

Description	Jul 14	Aug 14	Sep 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15	Total
New referrals	4	5	4	6	4	2	0	3	5	5	2	4	44
Re-opened cases	0	1	1	0	0	0	0	1	0	0	0	2	5
Cases closed	0	0	2	0	0	0	0	0	0	0	0	0	2
Employee consultations	12	28	14	27	25	10	7	24	23	12	23	30	235
Referrals to rehab facility	1	1	1	0	2	0	0	1	1	0	1	0	8
Referrals to psychologist	1	3	0	3	5	1	0	2	1	2	2	3	23
Referrals to psychiatric facility	0	0	0	0	0	0	0	0	0	0	0	0	0
Referrals to community resources	0	2	0	1	0	0	0	0	0	2	3	0	8
Trauma counselling	0	0	5	1	0	0	0	1	2	1	2	0	12
Home visits	0	0	0	1	0	0	0	1	0	0	0	0	2

Description	Jul 14	Aug 14	Sep 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15	Total
Visits to towns	1	1	4	3	0	5	1	1	1	1	2	1	21
Wellness educator meetings	1	1	1	2	2	2	1	2	3	0	1	1	17
Aftercare support group meetings	1	1	1	1	1	0	0	0	2	0	1	1	9

Table 197: Employee Wellness: Functions

4.6.3.3 Employee Wellness: Counselling Rendered

The presenting problems reported for the new cases during the financial year 2014/2015 were dominated by alcohol/drug dependency, work-related issues, marital/family issues and depression. Stress and financial, also remain pertinent issues that were addressed. The problems of employees just mentioned tend to have a negative impact on work performance.

The table below shows the type of problems that employees presented and for which they received counselling from the EAP Practitioner during the financial year 2014/2015. It indicates that substance abuse is a major issue amongst employees followed by work-related and marital/family. Stress and depression also appears to be on the increase. External service providers, viz. psychologists, psychiatrists and rehabilitation centres were utilized for their specialist intervention. A total of 39 referrals were made to external service providers. A total amount of **R72 960** was spent on the referrals to external service providers.

Description	Jul 14	Aug 14	Sep 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15	Total
HIV/AIDS	0	0	0	0	0	0	0	1	0	0	0	0	1
Stress	0	2	1	2	0	1	1	3	1	5	0	4	20
Depression	0	5	1	6	5	3	3	1	4	1	5	2	36
Psych disorder	2	1	0	4	1	0	0	1	1	0	0	0	10
Domestic violence	0	0	0	0	0	0	0	0	0	0	0	1	1
Marital/family	2	3	1	6	8	1	0	7	4	0	4	3	39
Legal (divorce, custody)	0	0	0	1	0	0	0	1	2	0	4	3	11
Trauma	0	0	4	0	0	0	0	0	0	1	2	0	7
Bereavement	0	1	2	2	0	0	0	0	1	0	0	2	8
Rape	0	0	0	0	0	0	0	0	0	0	0	0	0
Sexual harassment	0	0	0	0	0	0	0	0	0	0	0	0	0
Relationship	1	0	0	0	1	0	0	2	0	0	1	0	5

Description	Jul 14	Aug 14	Sep 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15	Total
Work-related	2	7	3	8	6	1	3	4	2	3	4	4	47
Substance abuse	4	9	12	6	4	4	5	4	10	2	5	17	82
Financial	0	1	0	0	0	10	0	1	0	0	2	0	14
Total	11	29	24	35	25	20	12	25	25	12	27	36	281

Table 198: Employee Wellness: Counselling Rendered

The table below indicates the types and number of referrals that were made:

Type of referral	2013/14	2014/15
Rehabilitation centre	2	8
Psychologist	11	23

Table 199: Employee Wellness – Types of referrals

There were **less** cases of depression/stress than substance abuse in 2014/15. In 2013/14 there were more cases with substance abuse. Due to the high relapse rate of the substance abusers, they are required to attend the EAP Addiction Support groups before referral to a rehabilitation facility, giving the EAP Practitioner the opportunity to assess the employee's motivation level to rehabilitate. There has been a **40,9 %** attendance rate by employees at the EAP Addiction Support Group for 2014/2015.

4.6.4 Leave and Sick Leave

The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken.

The average number of employees that have taken sick leave during the 2014/15 financial year shows a significant **decrease** when comparing it with the 2013/14 financial year. This could be due to more proactive intervention by EAP and Education and Awareness programmes implemented, addressing the serious psych-social issues of substance abuse, depression as well as stress, indicated earlier in the report. There has also been a closer working relationship established between EAP and line management regarding managing the wellbeing of the employee. These type of problems required referral of employees to psychiatric clinics and rehabilitation facilities where they spent at least 30 days. That time is taken from their sick leave days. There has been a further indication of low morale amongst employees who tend to take sick leave to avoid work.

The table below indicates the total number sick leave days taken within the different directorates:

Department	2013/14	2014/15		
		Sick Leave	Unpaid Leave	Total
Office of the Municipal Manager	238	87	76	163
Corporate Services	581	1 597	60	1 657
Financial Services	1 275	1 104	71	1 175
Community and Operational Services	2 734	3 970	892	4 862
Engineering and Planning Services	336	2 714	442	3 156
Total	5 164	9 472	1 541	11 013

Table 200: Sick Leave

The table below indicates the average unpaid leave and sick leave per person per directorate for the past two financial years:

Department	2013/14	2014/15
Office of the Municipal Manager	6.64	1.97
Corporate Services	5.22	3.31
Financial Services	9.34	2.89
Community and Operational Services	6.21	3.49
Engineering and Planning Services	1.05	3.53
Average per person	28.46	15.19

Formula: Total number of sick days divided by the number of transactions (count)

Table 201: Average unpaid leave and sick leave per person

The table below indicates the Total Time Lost due to sick leave per directorate for 2014/:15

Department	Number of Employees	Total Time Lost
Office of the Municipal Manager	21	2.3%
Corporate Services	131	4.9%
Financial Services	122	3.7%
Community and Operational Services	354	5.3%
Engineering and Planning Services	337	3.6%

Formula: (Total days lost/number of employees)/total work days in period x 100%
Total work days for the year = 260

Table 202: Total time lost per directorate

4.6.5 Disciplinary Measures

4.6.5.1 Disciplinary Cases per Directorate

Directorate	Number of cases	
	2013/14	2014/15
Office of the Municipal Manager	1	7
Corporate Services	2	5
Financial Services	10	9
Community and Operational Services	55	51
Engineering and Planning Services	39	58
Total	107	130

Table 203: Disciplinary Cases Per Directorate

4.6.5.2 Outcome of Disciplinary Steps

Type of outcome	Number	
	2013/14	2014/15
Resignation	2	3
Counselling	36	29
Final warning	21	16
Written warning	20	30
Not guilty	10	6
Dismissal	9	16
Withdrawn (During hearing)	2	11
10 Days with suspension	5	3
Dismissal Suspended	1	2
Dismissal Upheld	1	4
Consultation	0	1
Early Retirement	0	1
Verbal Warning	0	8
Total	107	130

Table 204: Outcome of Disciplinary Steps

4.6.5.3 Category of Disciplinary Offences per Charge

Category	Number	
	2013/14	2014/15
Timekeeping	52	58
Alcohol/drugs	5	17
Intimidation	13	1
Insubordination	-	8

Category	Number	
	2013/14	2014/15
Poor work performance	1	2
Dishonesty	18	20
Negligence	13	17
Poor conduct	5	7
Total	107	130

Table 205: Category of Disciplinary Offences per charge

4.6.6 Grievances

Seventeen (17) official grievances were reported as indicated in the table below and resolved whilst numerous unofficial grievances were resolved in an informal manner:

Description	Number received
Directorate	
Office of the Municipal Manager	0
Corporate Services	0
Financial Services	0
Community and Operational Services	10
Engineering and Planning Services	7
Types of Grievances	
Communication	2
Intimidation & Victimization	1
TASK grading	1
Accusations by Superiors	2
Disrespectful by senior manager	1
Abuse of powers by foremen/ Discrimination	1
Inappropriate remarks by manager	1
Victimization & Bullying by senior official	1
Intimidation	2
Aggressive behavior & victimization	1
Accusations by a colleague	1
Rude behaviour by fellow colleague	1
Accused and victimised by senior	1
Unfair treatment	1

Table 206: Grievances

4.6.7 HR Policies and Plans

Policies and plans provide guidance for fair and consistent staff treatment and a consistent approach to the managing of staff.

The table below shows the HR policies and plans that were approved and/or revised in 2014/15 and that still needs to be developed:

Approved policies	
Name of policy	Date approved/ revised
Staffing Policy	June 2015
Subsistence and Travel Policy	June 2015
Human Resources Management and Development Framework and Standards	June 2015
Policies still to be developed	
Name of policy	Proposed date of approval
Experiential Training Policy	August 2015
Private Cell phone usage	August 2015

Table 207: HR policies and plans

The Human Resources department submits policies to the Local Labour Forum on a regular basis for review purposes.

4.7 Capacitating the Municipal Workforce

Section 68(1) of the MSA states that a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose the human resource capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

4.7.1 Skills Matrix

The table below indicates the number of employees that received training in the year under review:

Management level	Gender	Number of employees identified for training at start of the year	Number of Employees that received training
MM and S57	Female	0	0
	Male	1	6
Legislators, senior officials and managers	Female	5	17
	Male	26	46
Associate professionals and Technicians	Female	5	4
	Male	37	32
Professionals	Female	12	27
	Male	24	9
Clerks	Female	71	44
	Male	13	17

Management level	Gender	Number of employees identified for training at start of the year	Number of Employees that received training
Service and sales workers	Female	3	8
	Male	6	8
Plant and machine operators and assemblers	Female	2	0
	Male	9	20
Elementary occupations	Female	30	31
	Male	120	104
Sub total	Female	128	131
	Male	236	242
Total		364	373

Table 208: Skills Matrix

4.7.2 Training Interventions

The table below indicates the type of training interventions that was provided for employees trained:

Training intervention	Female				Male				Total
	A	C	I	W	A	C	I	W	
Employment Equity	1	9	0	1	0	6	0	4	21
VIP Job Management	2	6	0	1	1	1	0	1	12
VIP Employee management	2	6	0	1	1	1	0	1	12
VIP Skills management	1	2	0	0	0	0	0	0	3
VIP Employment Equity Management	1	2	0	0	0	0	0	0	3
Commercial Mediation	0	1	0	0	1	1	0	2	5
Protocol & Etiquette	0	5	0	2	0	0	0	0	7
Carpentry	0	0	0	0	0	2	0	0	3
Plumbing	0	0	0	0	0	2	0	0	3
Bricklaying	0	0	0	0	0	1	0	0	3
Painting	0	0	0	0	0	2	0	0	2
ABET	3	3	0	0	6	4	0	0	16
Horticulture NQF 2	0	2	0	0	0	0	0	0	6
Horticulture NQF 3	0	1	0	0	0	0	0	0	6
Water Process Control NQF 4	0	0	0	0	0	0	0	0	1
Water Process Control (RPL)	0	0	0	0	0	0	0	0	4
Water Process Control NQF2	0	1	0	0	0	0	0	0	4
LED NQF5	0	2	0	0	0	0	0	0	4
Diesel Mechanic	0	0	0	0	0	0	0	0	1
Sexual & Productive Health	0	1	0	0	0	0	0	0	1
Initiator & Chairperson	0	3	0	0	2	8	0	9	24
Basic Xhosa	0	7	0	0	0	3	0	3	13
SHE Legal Liability	0	1	0	0	1	13	0	3	18
MFMA	1	1	0	0	2	9	1	0	14

Training intervention	Female				Male				Total
	A	C	I	W	A	C	I	W	
MS Projects	0	0	0	0	1	4	1	0	6
First Aid	3	6	0	3	2	3	0	1	18
Scaffolding Inspector	0	0	0	0	0	4	0	0	4
Scaffolding Erector	1	0	0	0	4	7	0	0	12
SHE Representative	1	2	0	0	1	2	0	0	6
Secretarial	1	9	0	0	0	0	0	0	10
Fire Fighting	2	1	0	0	3	2	0	0	8
Code B drivers licence	1	6	0	0	0	0	0	0	7
Code EC drivers licence	0	0	0	0	2	6	0	0	8
Code C drivers licence	0	0	0	0	9	6	0	0	15
Stores Training	2	2	0	2	2	4	0	0	12
VIP ODBC	0	0	0	0	0	2	0	1	3
VIP Payroll Pro	0	0	0	0	0	2	0	0	3
VIP Payroll Reconciliation	0	0	0	0	0	3	0	0	4
Snake Handling	0	0	0	0	5	19	0	1	28
Truck Mounted Crane	1	0	0	0	5	9	0	0	15
Confined Space Entry	0	0	0	0	1	8	0	0	11
Basic Afrikaans	9	0	0	0	8		0	0	17
Total	33	86	0	12	65	149	2	2	373

Table 209: Training interventions

4.7.3 Skills Development – Training provided

The Skills Development Act (1998) and the Municipal Systems Act, (2000), require employers to supply employees with the necessary training in order to develop its human resource capacity. Section 55(1)(f) states that as head of administration the Municipal Manager is responsible for the management, utilization and training of staff.

Occupational categories		Training provided within the reporting period						
		Learnerships		Skills programmes & other short courses		Total		
		Actual	Target	Actual	Target	Actual	Target	% achieved
MM and S57	Female	0	0	0	0	0	0	0
	Male	0	0	6	1	6	1	600
Legislators, senior officials and managers	Female	0	0	17	5	17	5	340
	Male	1	0	45	26	46	26	177
Professionals	Female	0	0	27	12	27	12	225
	Male	0	0	9	24	9	24	38
	Female	0	1	4	4	4	5	80

Occupational categories		Training provided within the reporting period						
		Learnerships		Skills programmes & other short courses		Total		
		Actual	Target	Actual	Target	Actual	Target	% achieved
Technicians and associate professionals	Male	3	12	29	25	32	37	86
Clerks	Female	3	1	41	70	44	71	62
	Male	0	0	17	13	17	13	131
Service and sales workers	Female	0	0	8	3	8	3	267
	Male	0	0	8	6	8	6	133
Plant and machine operators and assemblers	Female	0	0	0	2	0	2	0
	Male	5	3	15	6	20	9	222
Elementary occupations	Female	4	10	27	20	31	30	103
	Male	20	35	84	85	104	120	89
Sub total	Female	7	12	124	116	131	128	102
	Male	29	50	213	186	242	236	103
Total		36	62	337	302	373	364	102

Table 210: Skills Development

4.7.4 MFMA Competencies

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, "(1) No municipality or municipal entity may, with effect 1 January 2013 (exempted until 30 September 2015 as per Government Notice 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations."

The table below provides details of the financial competency development progress as required by the regulation:

Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials				
Accounting officer	1	0	1	0
Chief financial officer	1	1	1	1
Senior managers	8	8	3	8
Any other financial officials	121	17	0	17
Supply Chain Management Officials				
Heads of supply chain management units	2	1	0	1
Supply chain management senior managers	1	1	0	1
TOTAL	134	28	5	28

Table 211: Financial Competency Development: Progress Report

4.7.5 Qualification Framework

The table below indicates the qualification framework of the employees of the municipality:

Management level	Gender	Below NQF1	NQF1	NQF2	NQF3	NQF4	NQF5	NQF6	NQF7	NQF8	NQF9	Total
MM and S57	Female	0	0	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	1	2	2	5
Legislators, senior officials and managers	Female	0	0	1	3	1		4	6	1	0	16
	Male	0	0	1	5	8	7	23	8	4	1	57
Technicians and Trade Workers	Female	0	0	2	2	0	0	4	0	0	0	8
	Male	0	11	24	36	22	34	13	0	0	0	140
Sales & Service Workers	Female	0	0	2	4	24	7	0	0	0	0	37
	Male	0	0	1	11	17	13	0	0	0	0	42
Professionals	Female	0	0	0	2	13	1	10	6	0	0	32
	Male	0	0	0	5		1	6	6	0	0	18
Clerks	Female	0	0	0	8	98	0	6	1	2	0	115
	Male	0	0	2	5	29	3	4	1	0	0	44
Plant and machine operators and assemblers	Female	0	1	3	13	8	1	0	0	0	0	26
	Male	5	23	54	55	19	1	0	0	0	0	157
Elementary occupations	Female	8	22	11	43	13	1	0	0	0	0	98
	Male	6	44	62	58	27	1	1	0	0	0	199
Sub total	Female	8	23	19	75	157	10	24	13	3	0	332
	Male	11	78	145	175	122	60	47	16	6	3	662

Management level	Gender	Below NQF1	NQF1	NQF2	NQF3	NQF4	NQF5	NQF6	NQF7	NQF8	NQF9	Total
Total		19	101	164	250	279	70	71	29	9	3	994

Table 212: Qualification Framework

4.7.6 Bursary Scheme

The table below employees per occupational category utilising bursary scheme of the municipality:

Management level	Number of officials	
	2013/14	2014/15
MM and S57	0	0
Legislators, senior officials and managers	5	2
Technicians and Trade Workers	9	1
Professionals	2	5
Clerks	11	13
Sales & Service workers	5	5
Plant and machine operators and assemblers	3	1
Elementary occupations	29	7
Total	64	34

Table 213: Bursary Scheme

4.7.7 Skills Development - Budget allocation

The table below indicates that a total amount of **R1,951 million** were allocated to the workplace skills plan and that **96%** of the total amount was spent in the 2014/15 financial year:

Year	Total personnel budget	Total Allocated	Total Spend	% Spent
	R			
2013/14	221 866 254	2 005 814	1 845 182	92
2014/15	248 437 170	1 951 676	1 868 654	96

Table 214: Budget allocated and spent for skills development

LGSETA requires all municipalities to submit monthly training reports with evidence of attendance in order to ensure that actual training is taking place in terms of the Skills Development Plan. All the required reports were submitted for the 2014/2015 financial year.

4.8 Managing the Municipal Workforce Expenditure

Section 66 of the MSA states that the accounting officer of a municipality must report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

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4.8.1 Personnel Expenditure

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance (excluding Councillors' allowances) for the past two financial years and that the municipality is well within the national norm of between 35 to 40%:

Financial year	Total Expenditure salary and allowances	Total Operating Expenditure	Percentage
	R'000		%
2013/14	220 253	673 230	33
2014/15	242 794	730 878	33

Table 215: Personnel Expenditure

Below is a summary of Councillor and staff benefits for the year under review:

Financial year	2013/14	2014/15		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
<u>Councillors (Political Office Bearers plus Other)</u>				
Executive Mayor	704	748	758	746
Deputy Executive Mayor	554	603	622	601
Mayoral Committee Members	2 138	2 831	2 566	2 261
Speaker	569	603	607	602
Councillors	4 403	4 201	4 433	4 432
Sub Total - Councillors	8 368	8 986	8 986	8 642
% increase/ (decrease)	-	7.39	0.00	(3.83)
<u>Senior Managers of the Municipality</u>				
Annual Remuneration	3 107	4 165	3 967	3 929
Acting Allowance	0	0	20	17
Car Allowance	759	1 039	727	919
Settlement Payment	0	0	0	0
Bonus & Long Service Bonus	0	0	0	0
Performance Bonus	0	0	0	0
Contribution to UIF, Medical & Pension	637	891	906	802
Housing Subsidy	191	255	236	212
Telephone Allowance	25	43	43	35
Leave Pay-Out	0	0	0	0
Other	142	60	395	89
Sub Total - Senior Managers of Municipality	4 861	6 453	6 294	6 003
% increase/ (decrease)	-	32.75	(2.46)	(4.62)
<u>Other Municipal Staff</u>				
Basic Salaries and Wages	137 369	150 238	143 168	143 463

Financial year	2013/14	2014/15		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Pension Contributions	22 469	25 953	25 593	24 323
Medical Aid Contributions	7 254	8 801	8 914	7 988
Motor vehicle allowance	8 509	10 578	11 467	11 048
Cell phone allowance	596	1 010	1 048	901
Housing allowance	671	732	881	751
Overtime	13 128	8 658	14 334	13 516
Other benefits or allowances	25 396	26 215	36 683	34 801
Sub Total - Other Municipal Staff	215 392	232 185	242 088	236 791
% increase/ (decrease)	-	4.27	(2.19)	7.80
Total Municipality	228 621	247 624	257 368	251 436
% increase/ (decrease)	-	8.31	3.93	(2.30)

Table 216: Personnel Expenditure

Chapter 5: Financial Performance

Component A: Statements of Financial Performance

The Statement of financial performance provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

5.1 Financial Summary

The table below indicates the summary of the financial performance for the 2014/15 financial year:

Description	2013/14	2014/15			2014/15 Variance	
	Actual (Audited Outcome)	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Financial Performance						
Property rates	144,831	159,880	151,174	153,717	-4.01	1.65
Service charges	416,179	450,393	454,591	441,827	-1.94	-2.89
Investment revenue	24,758	20,500	25,300	29,066	29.47	12.96
Transfers recognised - operational	46,902	76,453	64,160	56,176	-36.09	-14.21
Other own revenue	35,115	34,528	39,903	44,731	22.81	10.79
Total Revenue (excluding capital transfers and contributions)	667,786	741,755	735,128	725,518	-2.24	-1.32
Employee costs	220,253	238,638	248,382	242,794	1.71	-2.30
Remuneration of councillors	8,368	8,986	8,986	8,642	-3.98	-3.98
Depreciation & asset impairment	89,850	121,650	121,505	108,969	-11.64	-11.50
Finance charges	13,911	10,284	16,661	15,779	34.83	-5.59
Materials and bulk purchases	221,089	247,302	243,802	235,982	-4.80	-3.31
Transfers and grants	2,002	2,110	2,110	2,110	-0.02	0.00
Other expenditure	117,757	200,612	173,075	116,601	-72.05	-48.43
Total Expenditure	673,230	829,581	814,520	730,878	-13.50	-11.44
Surplus/(Deficit)	(5,444)	(87,826)	(79,392)	(5,361)	1538.39	1381.05
Transfers recognised - capital	43,935	46,020	45,131	38,962	-18.12	-15.83
Fair value adjustment	1,405	0	0	1,054	100.00	100.00
Surplus/(Deficit)	39,897	(41,806)	(34,261)	34,656	220.63	198.86
Capital expenditure & funds sources						
Transfers recognised - capital (incl Housing Development Fund)	49,034	38,020	54,170	46,568	18.36	-16.32
Public contributions & donations	0	8,000	1,653	1,652	-384.19	-0.05
Borrowing	623	13,140	1,145	970	1,254.77	-18.05
Internally generated funds	95,500	152,021	179,368	176,269	13.76	-1.76
Total sources of capital funds	145,156	211,181	236,336	225,459	6.33	-4.82
Financial position						
Total current assets	534,640	437,538	484,500	505,016	13.36	4.06
Total non-current assets	2,079,668	2,295,078	2,182,307	2,195,236	-4.55	0.59

Description	2013/14	2014/15			2014/15 Variance	
	<i>Actual (Audited Outcome)</i>	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust- ments Budget
	R'000				%	
Total current liabilities	137,787	127,247	130,812	145,006	12.25	9.79
Total non-current liabilities	182,674	186,985	187,671	226,744	17.53	17.23
Community wealth/Equity	2,293,847	2,418,383	2,348,325	2,328,503	-3.86	-0.85
Cash flows						
Cash/cash equivalents at the year begin	432,252	385,000	420,428	420,428	8.43	0.00
Net cash from (used) operating	145,189	74,103	154,619	172,368	57.01	10.30
Net cash from (used) investing	(144,838)	(183,181)	(200,000)	(185,723)	1.37	-7.69
Net cash from (used) financing	(12,175)	1,889	3,093	(11,473)	116.46	126.96
Cash/cash equivalents at the year end	420,428	277,811	378,140	395,599	29.77	4.41
Cash backing/surplus reconciliation						
Cash and investments available	420,428	277,812	365,000	395,599	29.77	7.73
Application of cash and investments	(405,234)	(170,842)	(278,109)	(326,484)	47.67	14.82
Balance - surplus (shortfall)	15,194	106,970	86,891	69,115	-54.77	-25.72
Asset management						
Asset register summary (WDV)	2,079,668	2,295,078	2,182,307	2,195,236	-4.55	0.59
Depreciation & asset impairment	89,850	121,650	121,505	108,969	-11.64	-11.50
Renewal of Existing Assets	41,928	42,877	21,642	19,689	-117.77	-9.92
Repairs and Maintenance	27,000	45,560	44,450	31,475	-44.75	-41.22
Free services						
Cost of Free Basic Services provided	20,713	29,009	29,009	29,499	1.66	1.66
Revenue cost of free services provided	32,361	43,841	43,841	42,417	-3.36	-3.36
Households below minimum service level						
Water:	0	0	0	0	0	0
Sanitation/sewerage:	0	0	0	0	0	0
Energy:	0	0	0	0	0	0
Refuse:	0	0	0	0	0	0

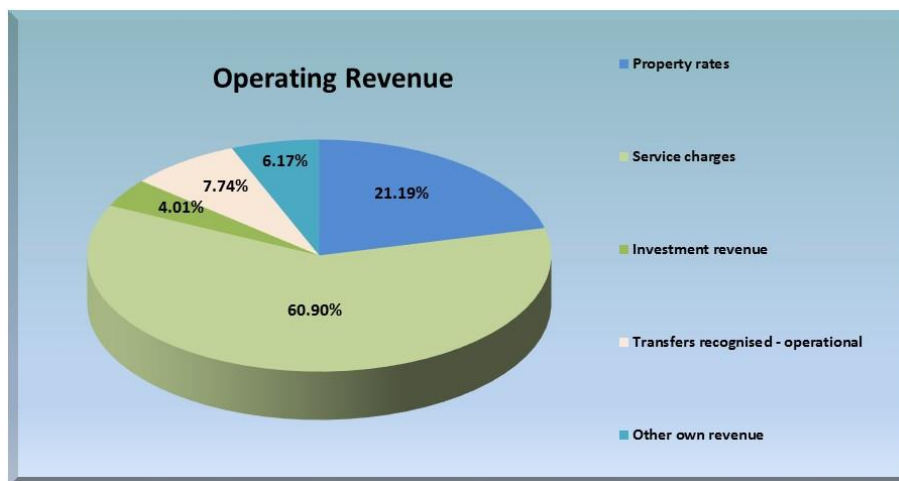
Table 217: Financial Performance 2014/15

The table below shows a summary of performance against budgets

Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	(R'000)				(R'000)			
2013/14	728,130	713,127	(15,003)	-2	752,149	673,230	78,919	10
2014/15	780,259	765,534	(14,725)	-2	814,520	730,878	83,641	10

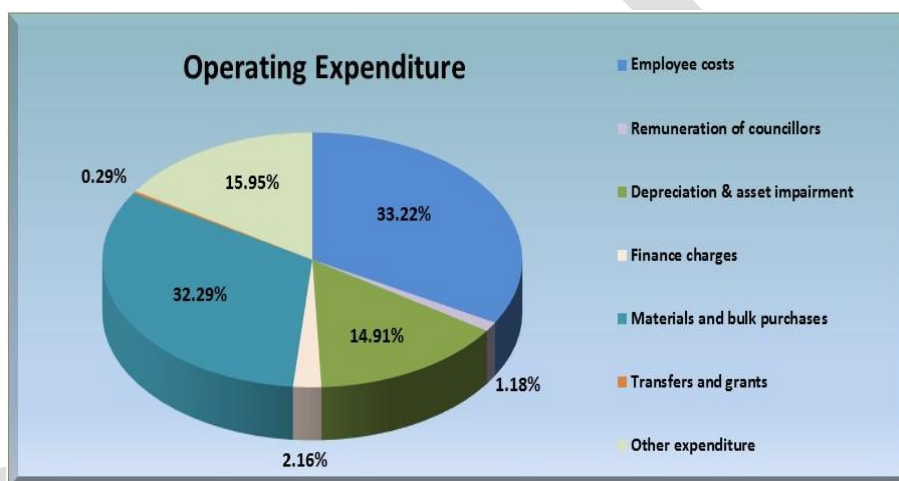
Table 218: Performance against budgets

The following graph indicates the various types of revenue items in the municipal budget for 2014/15



Graph 9: *Revenue*

The following graph indicates the various types of expenditure items in the municipal budget for 2014/15



Graph 10: *Operating expenditure*

5.1.1 Revenue collection by vote

The table below indicates the Revenue collection performance by vote

Vote Description	2013/14	2014/15			2014/15 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Vote1 - Budget and Treasury Office	178,728	184,667	180,314	188,334	1.95	4.26
Vote2 - Community and Social Services	2,141	4,317	5,001	5,017	13.95	0.32
Vote2 - Sports and Recreation	6,373	20,690	16,106	15,495	-33.53	-3.94
Vote3 - Planning and Development	4,884	3,723	4,245	4,869	23.54	12.82
Vote3 - Housing	2,266	21,289	9,477	255	-8,248.63	-3,616.47
Vote3 - Waste Management	36,294	51,614	53,444	54,079	4.56	1.17
Vote3 - Road Transport	30,933	20,387	21,795	22,066	7.61	1.23
Vote3 - Waste Water Management	47,233	52,902	59,566	53,136	0.44	-12.10
Vote3 - Water	110,291	107,728	114,753	125,166	13.93	8.32
Vote3 - Electricity	249,695	287,623	289,910	270,688	-6.26	-7.10
Vote3 - Environmental Management	0	0	96	96	100.00	0.00
Vote4 - Corporate Services	1,380	1,685	2,661	2,801	39.84	5.00
Vote4 - Public Safety	(476)	(672)	(603)	173	488.44	448.55
Vote6 - Executive and Council	43,385	31,821	23,494	23,359	-36.23	-0.58
Total Revenue by Vote	713,127	787,774	780,259	765,534	-2.91	-1.92

Table 219: Revenue by Vote

5.1.2 Revenue collection by Source

The table below indicates the Revenue collection performance by source for the 2014/15 financial year:

Description	2013/14	2014/15			2014/15 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000				%	
Property rates	141,994	154,380	147,674	150,857	-2.34	2.11
Property rates - penalties & collection charges	2,837	5,500	3,500	2,860	-92.34	-22.40
Service Charges	416,179	450,392	454,591	441,827	-1.94	-2.89
Rentals of facilities and equipment	11,258	11,472	12,550	12,396	7.45	-1.24
Interest earned - external investments	24,758	20,500	25,300	29,066	29.47	12.96
Interest earned - outstanding debtors	5,846	2,463	6,678	6,008	59.01	-11.15
Dividends received	0	0	0	0	0.00	0.00
Fines	2,000	3,021	3,033	3,610	16.32	15.99
Licences and permits	1,243	1,335	1,323	1,230	-8.50	-7.55
VAT portion on DORA Grants	0	0	0	0	0.00	0.00

Description	2013/14	2014/15			2014/15 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000				%	
Agency services	3,404	3,056	3,506	4,011	23.80	12.59
Transfers recognised - operational	46,902	76,453	69,160	56,176	-36.09	-23.11
Other revenue	11,159	13,182	12,814	17,286	23.74	25.87
Gains on disposal of PPE	206	0	0	190	100.00	100.00
Total Revenue (excluding capital transfers and contributions)	667,786	741,754	740,128	725,518	-2.24	-2.01

Table 220: Revenue by Source

5.1.3 Operational Services Performance

The table below indicates the Operational services performance for the 2014/15 financial year:

Description	2013/14	2014/15			2014/15 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000				%	
Operating Cost						
Water	18,830	4,490	13,235	27,913	83.92	52.58
Waste Water (Sanitation)	7,766	5,726	8,992	7,404	22.67	-21.44
Electricity	24,527	29,271	33,358	30,158	2.94	-10.61
Waste Management	(14,738)	(1,035)	(4,957)	(16,917)	93.88	70.70
Technical/PMU/Admin/EPWP	(6,872)	(7,179)	(7,567)	(10,707)	32.95	29.33
Housing	(10,354)	(14,428)	(11,945)	(4,768)	-202.56	-150.50
Component A: sub-total	19,158	16,845	31,116	33,083	49.08	5.95
Roads and Stormwater	(32,414)	(70,622)	(65,153)	(49,110)	-43.80	-32.67
Component B: sub-total	(32,414)	(70,622)	(65,153)	(49,110)	-43.80	-32.67
Town Planning and Spatial Planning	(2,974)	(9,664)	(7,936)	(6,527)	-48.05	-21.59
Buildings/Workshop	(17,141)	(20,900)	(21,151)	(18,854)	-10.85	-12.18
Local Economic Development	(1,459)	(1,813)	(1,402)	(1,051)	-72.42	-33.39
Support serv/Publ relations/IDP/IDZ	(2,039)	(2,908)	(2,947)	(2,543)	-14.35	-15.89
Component C: sub-total	(23,613)	(35,285)	(33,437)	(28,976)	-21.77	-15.40
Libraries	(5,506)	(4,051)	(4,147)	(3,666)	-10.51	-13.12
Council's gen exp/comm/occ health & safety/publicity	10,666	4,748	(5,575)	(2,009)	336.32	-177.48
Community/Eng admin/Holticultural	(1,591)	(9,086)	(7,777)	(6,816)	-33.30	-14.10
Airport and beaches	(2,232)	(3,142)	(3,142)	(2,022)	-55.39	-55.39
Cemeteries	(3,584)	(4,078)	(4,365)	(4,149)	1.71	-5.20
Community development	(5,712)	(3,661)	(3,524)	(3,209)	-14.10	-9.82
Component D: sub-total	(7,959)	(19,271)	(28,530)	(21,872)	11.89	-30.44
Environmental Management	(299)	(3,005)	(2,720)	(2,084)	-44.14	-30.47

Description	2013/14	2014/15			2014/15 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000				%	
Component E: sub-total	(299)	(3,005)	(2,720)	(2,084)	-44.14	-30.47
Traffic services	(7,992)	(11,050)	(10,727)	(8,151)	-35.56	-31.60
Fire Services and Disaster Management	(2,556)	(3,613)	(3,686)	(3,572)	-1.14	-3.20
Component F: sub-total	(10,549)	(14,662)	(14,413)	(11,723)	-25.07	-22.94
Holiday Resorts and Campsites	(8,524)	(8,656)	(7,294)	(5,749)	-50.57	-26.87
Sport grounds, parks, swimming pools and community halls	(16,641)	(5,752)	(11,781)	(10,311)	44.21	-14.26
Component G: sub-total	(25,164)	(14,408)	(19,075)	(16,060)	10.29	-18.77
Office of the MM	(5,019)	(2,192)	(2,427)	(2,031)	-7.96	-19.52
Councillors/Mayoral	(967)	(9,935)	(10,074)	(9,721)	-2.20	-3.63
Financial Services	146,973	152,537	151,538	179,199	14.88	15.44
Corporate/Licensing/Security	1,142	(3,142)	(3,142)	(2,022)	-55.39	-55.39
Administration and property management	(4,065)	(9,693)	(9,544)	(8,587)	-12.88	-11.14
HR	(4,921)	(6,035)	(6,216)	(6,182)	2.38	-0.55
IT	(6,212)	(10,622)	(10,132)	(8,567)	-24.00	-18.28
Risk management	0	(1,059)	(1,122)	(1,118)	5.20	-0.40
Internal Audit	(3,232)	(2,721)	(2,506)	(2,258)	-20.50	-10.98
Legal Services	(2,962)	(4,237)	(3,772)	(3,186)	-33.00	-18.40
Procurement Services	0	(4,299)	(4,652)	(4,130)	-4.09	-12.65
Component H: sub-total	120,738	98,601	97,951	131,398	24.96	25.46
Total Surplus	39,897	(41,807)	(34,261)	34,656	220.63	198.86

Table 221: Operational Services Performance

5.2 Financial Performance per Municipal Function

5.2.1 Water Services

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	111,934	107,728	114,753	125,166	13.93
Expenditure:					
Employees	9,173	10,341	11,221	12,003	13.85
Repairs and Maintenance	1,768	2,564	2,325	2,001	-28.15
Other	82,164	90,333	87,973	83,249	-8.51
Total Operational Expenditure	93,105	103,238	101,519	97,253	-6.15
Net Operational (Service)	18,830	4,490	13,235	27,913	83.92

Table 222: Financial Performance: Water services

5.2.2 Sanitation Services

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	53,373	52,902	59,566	53,136	0.44
Expenditure:					
Employees	13,088	13,807	15,599	15,865	12.97
Repairs and Maintenance	2,731	3,966	4,208	3,638	-9.02
Other	29,788	29,403	30,768	26,228	-12.10
Total Operational Expenditure	45,607	47,177	50,574	45,731	-3.16
Net Operational (Service)	7,766	5,726	8,992	7,404	22.67

Table 223: Financial Performance: Sanitation services

5.2.3 Electricity Services

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	249,580	281,013	283,299	266,001	-5.64
Expenditure:					
Employees	17,133	19,582	19,242	19,696	0.58
Repairs and Maintenance	5,125	7,219	6,891	6,602	-9.35
Other	202,795	224,941	223,808	209,545	-7.35
Total Operational Expenditure	225,054	251,742	249,941	235,843	-6.74
Net Operational (Service)	24,527	29,271	33,358	30,158	2.94

Table 224: Financial Performance: Electricity services

5.2.4 Waste Management Services (Refuse collections, Waste disposal, Street cleaning and Recycling)

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	36,406	51,614	53,444	54,079	4.56
Expenditure:					
Employees	17,423	15,697	17,357	18,233	13.91
Repairs and Maintenance	4,937	7,472	8,619	6,638	-12.56
Other	28,784	29,480	32,425	46,125	36.09
Total Operational Expenditure	51,144	52,649	58,401	70,996	25.84
Net Operational (Service)	(14,738)	(1,035)	(4,957)	(16,917)	93.88

Table 225: *Financial Performance: Waste Management Services (Refuse collections, Waste disposal, Street cleaning and Recycling)*

5.2.5 Housing

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	2,266	21,289	9,477	255	-8,249.86
Expenditure:					
Employees	3,540	2,812	3,195	3,119	9.83
Repairs and Maintenance	45	183	133	103	-78.08
Other	9,035	32,721	18,094	1,802	-1,716.21
Total Operational Expenditure	12,620	35,716	21,422	5,023	-611.00
Net Operational (Service)	(10,354)	(14,428)	(11,945)	(4,768)	-202.56

Table 226: *Financial Performance: Housing*

5.2.6 Roads Services

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	26,971	17,224	18,189	17,911	3.84
Expenditure:					
Employees	20,921	26,533	27,000	26,403	-0.49
Repairs and Maintenance	6,090	7,709	7,883	6,878	-12.08
Other	32,374	53,604	48,459	33,740	-58.87
Total Operational Expenditure	59,385	87,846	83,342	67,021	-31.07
Net Operational (Service)	(32,414)	(70,622)	(65,153)	(49,110)	-43.80

Table 227: Financial Performance: Roads Services

5.2.7 Town Planning & spatial planning

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	2,981	2,131	3,763	4,078	47.74
Expenditure:					
Employees	8,006	8,856	7,726	7,399	-19.70
Repairs and Maintenance	167	323	313	274	-17.57
Other	(2,218)	2,616	3,661	2,932	10.78
Total Operational Expenditure	5,955	11,795	11,699	10,605	-11.22
Net Operational (Service)	(2,974)	(9,664)	(7,936)	(6,527)	-48.05

Table 228: Financial Performance: Town Planning & spatial planning

5.2.8 LED

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	0	50	28	8	-525.00
Expenditure:					
Employees	1,165	844	854	695	-21.33
Repairs and Maintenance	1	130	130	53	-147.67
Other	292	889	446	311	-185.50
Total Operational Expenditure	1,459	1,863	1,430	1,059	-75.84
Net Operational (Service)	(1,459)	(1,813)	(1,402)	(1,051)	-72.42

Table 229: Financial Performance: LED

5.2.9 Libraries

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	1,814	3,675	3,742	3,708	0.88
Expenditure:					
Employees	5,801	6,271	6,473	5,972	-5.01
Repairs and Maintenance	25	44	51	50	12.08
Other	1,494	1,412	1,365	1,352	-4.41
Total Operational Expenditure	7,320	7,726	7,889	7,374	-4.78
Net Operational (Service)	(5,506)	(4,051)	(4,147)	(3,666)	-10.51

Table 230: Financial Performance: Libraries

5.2.10 Cemeteries

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	382	374	384	472	20.66
Expenditure:					
Employees	2,457	2,636	3,163	3,116	15.42
Repairs and Maintenance	158	186	285	240	22.35
Other	1,350	1,631	1,301	1,265	-28.91
Total Operational Expenditure	3,965	4,453	4,749	4,621	3.65
Net Operational (Service)	(3,584)	(4,078)	(4,365)	(4,149)	1.71

Table 231: Financial Performance: Cemeteries

5.2.11 Child Care; Aged Care; Social Programmes – Community Development

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	340	0	780	780	100.00
Expenditure:					
Employees	4,762	2,542	2,942	2,842	10.53
Repairs and Maintenance	28	0	40	22	100.00
Other	1,261	1,119	1,322	1,126	0.59
Total Operational Expenditure	6,052	3,661	4,304	3,989	8.21
Net Operational (Service)	(5,712)	(3,661)	(3,524)	(3,209)	-14.10

Table 232: Financial Performance: Child Care; Aged Care; Social Programmes – Community Development

5.2.12 Environmental Management

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	0	0	96	96	99.74
Expenditure:					
Employees	87	943	796	658	-43.27
Repairs and Maintenance	15	34	33	25	-36.48
Other	198	2,028	1,987	1,497	-35.44
Total Operational Expenditure	300	3,005	2,816	2,180	-37.82
Net Operational (Service)	(299)	(3,005)	(2,720)	(2,084)	-44.14

Table 233: Financial Performance: Pollution Control, Bio-Diversity, Landscape, Open Spaces, Parks, And Coastal Protection

5.2.13 Traffic Services

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	3,170	4,160	4,229	4,860	14.41
Expenditure:					
Employees	7,768	9,014	9,549	9,401	4.12
Repairs and Maintenance	259	684	609	420	-62.77
Other	3,135	5,512	4,797	3,191	-72.76
Total Operational Expenditure	11,162	15,210	14,956	13,011	-16.90
Net Operational (Service)	(7,992)	(11,050)	(10,727)	(8,151)	-35.56

Table 234: Financial Performance: Traffic Services

5.2.14 Fire Services and Disaster Management

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	4	0	0	0	0.00
Expenditure:					
Employees	1,487	0	0	0	0.00
Repairs and Maintenance	253	0	0	0	0.00
Other	820	3,613	3,686	3,572	-1.14
Total Operational Expenditure	2,560	3,613	3,686	3,572	-1.14
Net Operational (Service)	(2,556)	(3,613)	(3,686)	(3,572)	-1.14

Table 235: Financial Performance: Fire Services and Disaster Management

5.2.15 Holiday Resorts and Campsites

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	9,153	6,676	8,110	8,454	21.03
Expenditure:					
Employees	8,810	7,153	7,640	7,474	4.29
Repairs and Maintenance	870	1,777	1,745	1,428	-24.44
Other	7,997	6,402	6,019	5,301	-20.77
Total Operational Expenditure	17,677	15,332	15,404	14,203	-7.95
Net Operational (Service)	(8,524)	(8,656)	(7,294)	(5,749)	-50.57

Table 236: Financial Performance: Holiday Resorts and Campsites

5.2.16 Sport grounds, Parks, Swimming Pools and Community Halls

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	414	14,053	8,034	7,033	-99.82
Expenditure:					
Employees	10,428	11,505	11,770	11,383	-1.07
Repairs and Maintenance	1,152	2,604	2,555	1,904	-36.76
Other	5,474	5,696	5,490	4,057	-40.40
Total Operational Expenditure	17,054	19,805	19,815	17,344	-14.19
Net Operational (Service)	(16,641)	(5,752)	(11,781)	(10,311)	44.21

Table 237: Financial Performance: Sport grounds, Parks, Swimming Pools and Community Halls

5.2.17 Office of the Municipal Manager

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	0	100	0	0	0.00
Expenditure:					
Employees	4,691	1,655	1,637	1,611	-2.73
Repairs and Maintenance	0	3	3	0	0.00
Other	328	634	787	419	-51.19
Total Operational Expenditure	5,019	2,292	2,427	2,031	-12.89
Net Operational (Service)	(5,019)	(2,192)	(2,427)	(2,031)	-7.96

Table 238: Financial Performance: Office of the Municipal Manager

5.2.18 Administration and Property Management

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	2,030	1,000	1,000	1,677	40.38
Expenditure:					
Employees	4,528	8,899	8,743	8,518	-4.46
Repairs and Maintenance	148	183	198	190	3.91
Other	1,419	1,612	1,603	1,556	-3.59
Total Operational Expenditure	6,095	10,693	10,544	10,265	-4.18
Net Operational (Service)	(4,065)	(9,693)	(9,544)	(8,587)	-12.88

Table 239: Financial Performance: Administration and Property Management

5.2.19 Human Resource Services

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	-	-	473	5	100.00
Expenditure:					
Employees	4,332	4,666	5,087	5,042	7.45
Repairs and Maintenance	8	35	35	34	-4.49
Other	580	1,334	1,567	1,112	-19.98
Total Operational Expenditure	4,921	6,035	6,690	6,187	2.46
Net Operational (Service)	(4,921)	(6,035)	(6,216)	(6,182)	2.38

Table 240: Financial Performance: Human Resource Services

5.2.20 Information and Communication Technology (ICT) Services

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	115	1,124	20	20	-5,619.52
Expenditure:					
Employees	3,261	3,242	3,511	3,415	5.07
Repairs and Maintenance	684	3,341	2,676	1,395	-139.48
Other	2,382	5,164	3,966	3,776	-36.74
Total Operational Expenditure	6,327	11,746	10,152	8,586	-36.80
Net Operational (Service)	(6,212)	(10,622)	(10,132)	(8,567)	-24.00

Table 241: Financial Performance: Information and Communication Technology (ICT) Services

5.2.21 Risk Management

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	0	0	0	0	0
Expenditure:					
Employees	0	983	1,057	1,064	7.63
Repairs and Maintenance	0	3	3	0	0.00
Other	0	74	63	53	-37.58
Total Operational Expenditure	0	1,059	1,122	1,118	5.20
Net Operational (Service)	0	(1,059)	(1,122)	(1,118)	5.20

Table 242: Financial Performance: Risk Management

5.2.22 Internal Audit

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	0	0	6	9	100.00
Expenditure:					
Employees	2,666	2,378	2,173	2,022	-17.58
Repairs and Maintenance	9	46	248	44	-4.06
Other	557	297	90	200	-48.61
Total Operational Expenditure	3,232	2,721	2,511	2,266	-20.05
Net Operational (Service)	(3,232)	(2,721)	(2,506)	(2,258)	-20.50

Table 243: Financial Performance: Internal Audit

5.2.23 Legal Services

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	0	0	0	2	100.00
Expenditure:					
Employees	2,212	2,046	2,032	1,935	-5.70
Repairs and Maintenance	0	6	6	0	0.00
Other	749	2,185	1,734	1,253	-74.44
Total Operational Expenditure	2,962	4,237	3,772	3,188	-32.90
Net Operational (Service)	(2,962)	(4,237)	(3,772)	(3,186)	-33.00

Table 244: Financial Performance: Legal Services

5.2.24 Procurement Services

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	0	0	0	4	100.00
Expenditure:					
Employees	0	4,289	4,318	4,059	-5.66
Repairs and Maintenance	0	10	5	2	-418.94
Other	0	0	329	73	100.00
Total Operational Expenditure	0	4,299	4,652	4,134	-3.98
Net Operational (Service)	0	(4,299)	(4,652)	(4,130)	-4.09

Table 245: Financial Performance: Procurement Services

5.2.25 Financial Services

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	178,680	184,667	180,314	188,327	1.94
Expenditure:					
Employees	33,398	33,016	32,518	30,312	-8.92
Repairs and Maintenance	1,596	2,387	2,249	2,036	-17.26
Other	(3,286)	(3,273)	(5,991)	(23,220)	85.90
Total Operational Expenditure	31,707	32,131	28,776	9,128	-251.99
Net Operational (Service)	146,973	152,537	151,538	179,199	14.88

Table 246: Financial Performance: Financial Services

5.2.26 Council's general expenditure/communication/occupational health & safety/ publicity

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	178,680	184,667	180,314	188,327	1.94
Expenditure:					
Employees	33,398	33,016	32,518	30,312	-8.92
Repairs and Maintenance	1,596	2,387	2,249	2,036	-17.26
Other	(3,286)	(3,273)	(5,991)	(23,220)	85.90
Total Operational Expenditure	31,707	32,131	28,776	9,128	-251.99
Net Operational (Service)	146,973	152,537	151,538	179,199	14.88

Table 247: Financial Performance: Council's general expenditure/communication/occupational health & safety/ publicity

5.2.27 Councillors/Mayoral committee

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	0	0	0	0	0.00
Expenditure:					
Employees	965	9,924	10,060	9,715	-2.15
Repairs and Maintenance	0	0	0	0	0.00
Other	2	11	14	6	-83.33
Total Operational Expenditure	967	9,935	10,074	9,721	-2.20
Net Operational (Service)	(967)	(9,935)	(10,074)	(9,721)	-2.20

Table 248: Financial Performance: Councillors/Mayoral committee

5.2.27 Support services/Publ relations/IDP/IDZ

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	0	0	0	0	0.00
Expenditure:					
Employees	965	9,924	10,060	9,715	-2.15
Repairs and Maintenance	0	0	0	0	0.00
Other	2	11	14	6	-83.33
Total Operational Expenditure	967	9,935	10,074	9,721	-2.20
Net Operational (Service)	(967)	(9,935)	(10,074)	(9,721)	-2.20

Table 249: Financial Performance: Support services/Publ relations/IDP/IDZ

5.2.28 Community/Engineering administration/Holticultural

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	0	0	50	24	100.00
Expenditure:					
Employees	1,462	7,424	6,606	5,988	-23.98
Repairs and Maintenance	0	72	85	29	-148.28
Other	129	1,590	1,136	823	-93.20
Total Operational Expenditure	1,591	9,086	7,827	6,840	-32.84
Net Operational (Service)	(1,591)	(9,086)	(7,777)	(6,816)	-33.30

Table 250: Financial Performance: Community/Engineering administration/Holticultural

5.2.29 Technical/PMU/Admin/EPWP

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	1,902	1	1	1	0.00
Expenditure:					
Employees	17,138	10,695	10,771	7,655	-39.71
Repairs and Maintenance	181	(423)	(408)	(486)	12.96
Other	(8,544)	(3,092)	(2,795)	3,539	187.37
Total Operational Expenditure	8,775	7,180	7,568	10,708	32.95
Net Operational (Service)	(6,872)	(7,179)	(7,567)	(10,707)	32.95

Table 251: Financial Performance: Technical/PMU/Admin/EPWP

5.2.30 Buildings/Workshop

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	1,031	512	176	251	-103.98
Expenditure:					
Employees	6,871	7,703	7,542	7,351	-4.79
Repairs and Maintenance	3,535	3,035	2,233	1,991	-52.44
Other	7,767	10,674	11,552	9,763	-9.33
Total Operational Expenditure	18,173	21,412	21,327	19,105	-12.08
Net Operational (Service)	(17,141)	(20,900)	(21,151)	(18,854)	-10.85

Table 252: Financial Performance: Buildings/Workshop

5.2.31 Airport/Beaches

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	29	6	6	6	0.00
Expenditure:					
Employees	0	0	0	0	0
Repairs and Maintenance	321	1,000	1,000	82	-1119.51
Other	1,940	2,148	2,148	1,946	-10.38
Total Operational Expenditure	2,260	3,148	3,148	2,028	-55.23
Net Operational (Service)	(2,232)	(3,142)	(3,142)	(2,022)	-55.39

Table 253: Financial Performance: Airport/Beaches

5.2.32 Corporate/Licensing/Security

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget
	R'000				%
Total Operational Revenue	3,642	6	6	6	0.00
Expenditure:					
Employees	1,684	0	0	0	0
Repairs and Maintenance	12	1,000	1,000	82	-1,119.51
Other	804	2,148	2,148	1,946	-10.38
Total Operational Expenditure	2,500	3,148	3,148	2,028	-55.23
Net Operational (Service)	1,142	(3,142)	(3,142)	(2,022)	-55.39

Table 254: Financial Performance: Corporate/Licensing/Security

5.3 Grants

5.3.1 Grant Performance

The table below indicates the Grant performance for the 2014/15 financial year:

The Municipality had a total amount of **R95,138** million for operational expenditure available that was received in the form of grants from the National and Provincial Governments during the 2014/15 financial year. The performance in the spending of these grants is summarised as follows:

Description	2013/14	2014/15			2014/15 Variance	
	Actual	Budget	Adjust- ments Budget	Actual	Original Budget	Adjust- ments Budget
	R'000				%	
Operating Transfers and Grants						
National Government:	58,350	70,274	70,274	68,157	-3.01	-3.01
Equitable share	38,632	46,415	46,415	46,415	0.00	0.00
Municipal Systems Improvement	867	934	934	903	-3.28	-3.28
Finance Management Grant	1,300	1,450	1,450	1,392	-4.01	-4.01
Municipal Infrastructure Grant	15,947	18,389	18,389	16,361	-11.03	-11.03
Integrated National Electrification Programme	0	2,000	2,000	1,999	0.00	0.00
Expanded Public Works Programme	1,604	1,086	1,086	1,086	0.00	0.00
Provincial Government:	31,050	40,833	32,253	23,609	-42.18	-26.80
Housing	29,200	36,880	28,300	19,621	-46.80	-30.67
Community Development Workers	49	35	35	35	-0.95	-0.88
Thusong Service Centres Grant (Sustainability: Operational Support Grant)	330	0	0	0	0.00	0.00
Maintenance of Proclaimed Roads	66	90	90	78	-13.87	-13.87
Provincial Library Services: Conditional Grant	1,182	3,828	3,828	3,876	1.26	1.26
Transport of Commemorative Service	100	0	0	0	0.00	0.00
Mobility Strategies: Pedestrian Side Walks	122	0	0	0	0.00	0.00
District Municipality:	145	0	0	0	0.00	0.00
West Coast District Municipality	145	0	0	0	0.00	0.00
Other grant providers:	1,292	8,890	3,333	3,372	-62.06	1.18
Seta	488	890	409	450	-49.48	9.84
Other grants	805	8,000	2,924	2,923	-63.46	-0.03
Total Operating Transfers and Grants	90,837	119,997	105,860	95,138	-20.72	-10.13
Actual amount represent the total revenue recognised excluding VAT on grants and subsidies for the 2014/15 financial year						

Table 255: Grant Performance for 2012/13

5.3.2 Conditional Grants: Excluding MIG

Details	Budget	Adjust- ments Budget	Actual	Variance	
				Budget	Adjust- ments Budget
	R'000			%	
Department of Human Settlements	36,880	28,300	36,706	-0.47	29.70
Department of Social development	257	35	35	-86.39	-0.07
Municipal Systems Improvement Grant	934	934	934	0.00	0.00
Finance Management Support Grant	0	0	1,700	0.00	0.00
Municipal Infrastructure Grant	18,389	18,389	18,389	0.00	0.00
Expanded Public Works Programme	1,086	1,086	1,086	0.00	0.00
Department of Transport	90	90	78	-13.87	-13.87
Department of Culture	3,828	3,828	3,828	0.00	0.00
Finance Management Grant	1,450	1,450	1,450	0.00	0.00
Department of Minerals and Energy	2,000	2,000	2,000	0.00	0.00
Department of Sport and Recreation	0	0	0	0.00	0.00
Equitable share: Councillors Remuneration	4,339	4,339	4,432	2.15	2.15
Equitable share	42,076	42,076	41,983	-0.22	-0.22
Provincial: Local Government	0	75	75	0.00	0.00
Provincial Department of Economic Development	0	0	0	0.00	0.00
District Municipality	0	0	0	0.00	0.00
SETA	890	409	450	-49.48	9.84
Other grants	8,000	1,653	8,000	0.00	383.95
Total	120,219	104,664	121,145	0.77	15.75

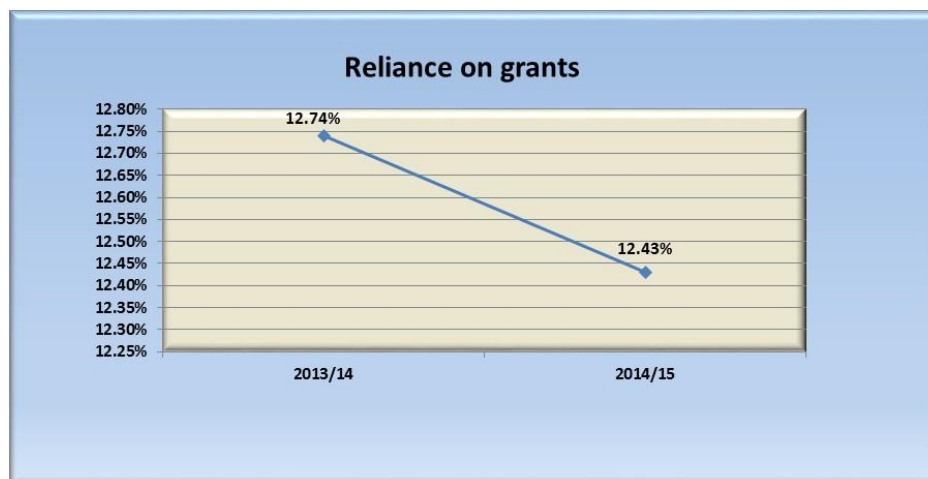
Table 256: Conditional Grant (excl. MIG)

5.3.3 Level of Reliance on Grants & Subsidies

Financial year	Total grants and subsidies received	Total Operating Revenue	Percentage
	R'000		%
2013/14	90,837	713,127	12.74
2014/15	95,138	765,534	12.43

Table 257: Reliance on grants

The following graph indicates the municipality's reliance on grants as percentage for the past two financial years



Graph 11: *Reliance on grants as %*

5.4 Asset Management

Asset management is practiced within the organisation based on a comprehensive asset management policy. The Asset Management Policy provides direction for the management, accounting and control of Property, Plant & Equipment (Assets) owned or controlled by the municipality to ensure the following:

- ≈ implementation of the approved Asset Management Policy as required in terms of section 63 of the Municipal Finance Management Act (MFMA).
- ≈ verify assets in possession of the Council annually, during the course of the financial year.
- ≈ keep a complete and balanced record of all assets in possession of the Council.
- ≈ report in writing all asset losses, where applicable, to Council.
- ≈ those assets are valued and accounted for in accordance with a statement of GRAP.
- ≈ those assets are properly maintained and safeguarded.

The roles of the following are clearly defined within the asset management policy:

- ≈ Municipal Manager
- ≈ Chief Finance Officer
- ≈ Asset control section
- ≈ Manager budget section
- ≈ Manager Expenditure section
- ≈ Procurement section
- ≈ Human Resources section
- ≈ All other departments

5.4.1 Treatment of the Three Largest Assets

Asset 1		
Name	Erf 11808 Vredenburg depot building	
Description	Depot/Workshops/Store rooms	
Asset Type	Municipal Building	
Key Staff Involved	Engineering & Planning Services	
Staff Responsibilities	Municipal Building - Maintenance of building(s)	
Asset Value as at 30 June 2014	2013/14 (R'000)	2014/15 (R'000)
	9,639	9,286
Capital Implications	R950 000 2015/16 (Additions/Alterations to Depot Ablution/Mess/Locker rooms)	
Future Purpose of Asset	Used as Municipal Depot for engineering services	
Describe Key Issues	Municipal Depot to provide services in all areas	
Policies in Place to Manage Asset	Master and maintenance plans in place, as well as Asset Management Policy	

Table 258: Summary of Largest Asset

Asset 2		
Name	Vredenburg 8ML reservoir (covered storage tanks)	
Description	Vredenburg 8ML Reservoir (Covered Storage Tanks)	
Asset Type	Reservoir/Tanks	
Key Staff Involved	Community & Operational Services & EPS	
Staff Responsibilities	Maintenance of existing asset	
Asset Value as at 30 June 2014	2013/14 (R'000)	2014/15 (R'000)
	9,807	9,230
Capital Implications	n/a	
Future Purpose of Asset	Provide clean water to the area	
Describe Key Issues	Provide clean water to the area	
Policies in Place to Manage Asset	Master and maintenance plans in place, as well as Asset Management Policy	

Table 259: Summary of 2nd Largest Asset

Asset 3		
Name	MNET reservoir storage tank ground level	
Description	Reservoir Storage Tanks	
Asset Type	TANKW (Reservoir)	
Key Staff Involved	EPS (Water Department) & Town Engineer Vredenburg	
Staff Responsibilities	EPS (Water Department) & Town Engineer Vredenburg	
Asset Value as at 30 June 2014	2013/14 (R'000)	2014/15 (R'000)
	0	9,879
Capital Implications	No capital expenditure required for next 3 years	
Future Purpose of Asset	Provide clean water to the area	

Asset 3	
Describe Key Issues	Provide clean water to the area
Policies in Place to Manage Asset	Master and maintenance plans in place, as well as Asset Management Policy

Table 260: Summary of 3rd Largest Asset

5.4.2 Repairs and Maintenance

Description	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Budget variance
	R'000				%
Repairs and Maintenance Expenditure	27,000	45,560	44,450	31,475	-29.19

Table 261: Repairs & Maintenance Expenditure

5.5 Financial Ratios

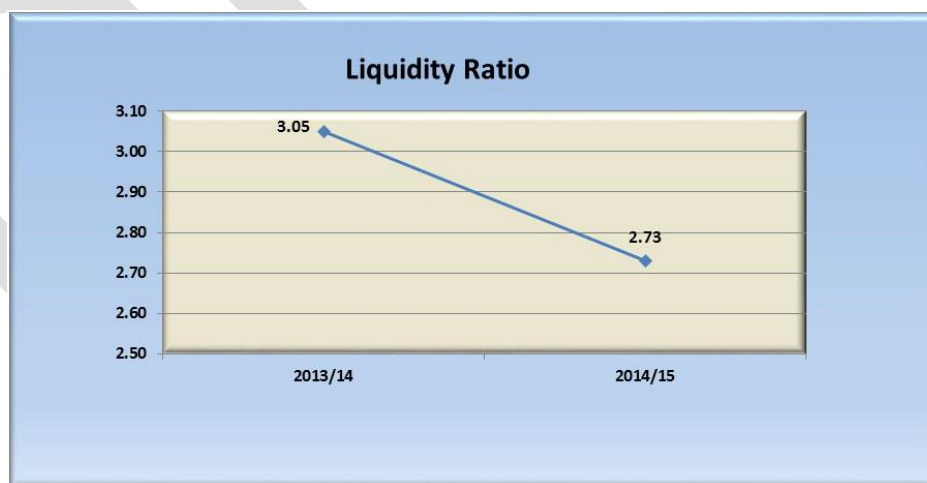
5.5.1 Liquidity Ratio

Description	Basis of calculation	2013/14	2014/15
Current Ratio	Current assets/current liabilities	3.88	3.48
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	3.57	3.20
Liquidity Ratio	Monetary Assets/Current Liabilities	3.05	2.73

Table 262: Liquidity Financial Ratio

The Municipality is still functioning well inside the acceptable liquidity norm. The Municipality has a positive liquidity ratio. However, it decreased from 3.05 to 2.73. Efforts to increase the debt collection rate must stay the main focus area for improve and maintain this ratio.

The following graph indicates the liquidity ratio for 2014/15:



Graph 12: Liquidity Ratio

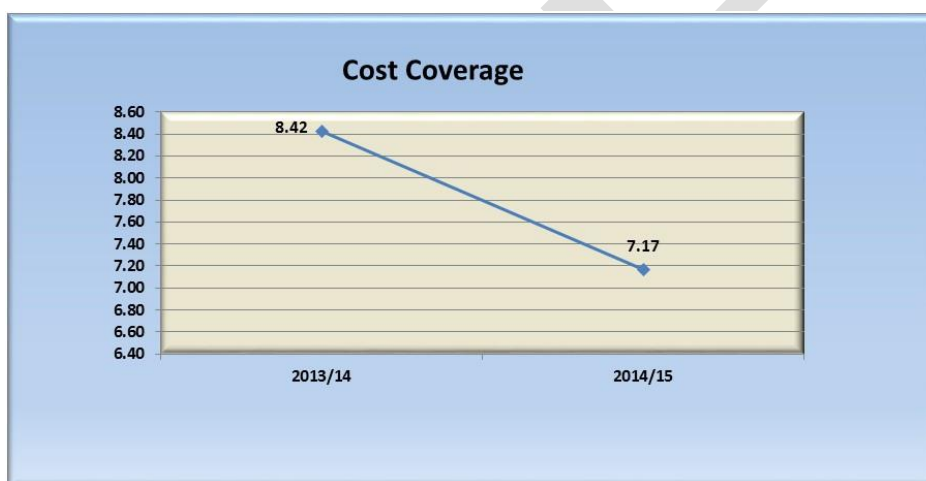
5.5.2 Performance Management Regulation Financial Viability Indicators

Description	Basis of calculation	2013/14	2014/15
Cost Coverage	$((\text{Cash and Cash Equivalents} - \text{Unspent Conditional Grants} - \text{Overdraft}) + \text{Short Term Investment}) / \text{Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))} \times 100$	8.42	7.17
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	16.06%	15.01%
Debt coverage	$(\text{Short Term Borrowing} + \text{Bank Overdraft} + \text{Short Term Lease} + \text{Long Term Borrowing} + \text{Long Term Lease}) / \text{Total Operating Revenue} - \text{Operating Conditional Grant}$	8.27%	6.00%

Table 263: National Financial Viability Indicators

5.5.2.1 Cost Coverage

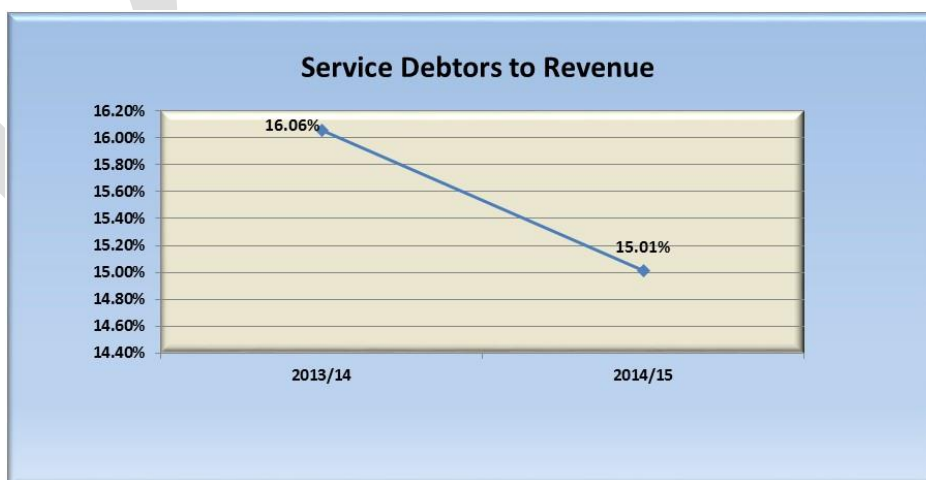
The following graph indicates the cost coverage financial viability indicator:



Graph 13: Cost Coverage

5.5.2.2 Outstanding Service Debtors to Revenue

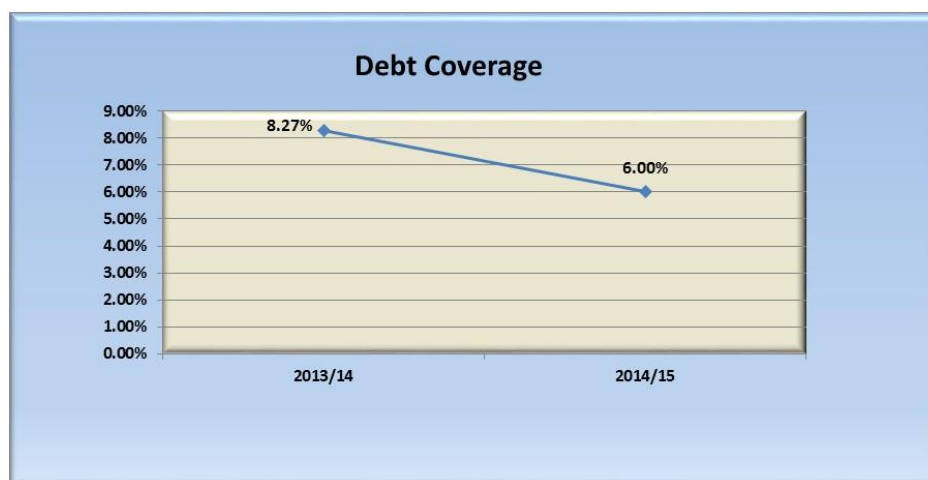
The following graph indicates the outstanding service to revenue financial viability indicator:



Graph 14: *Total Outstanding Service Debtors*

5.5.2.3 Debt Coverage

The following graph indicates the debt coverage financial viability indicator:

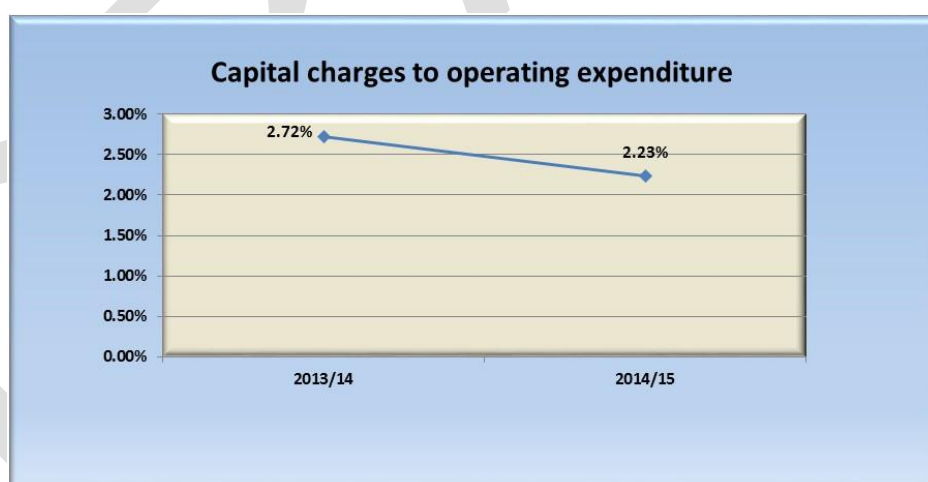
Graph 15: *Debt Coverage*

5.5.3 Borrowing Management

Description	Basis of calculation	2013/14	2014/15
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.72%	2.23%

Table 264: *Borrowing Management*

The following graph indicates the ratio of capital charges to operating expenditure:

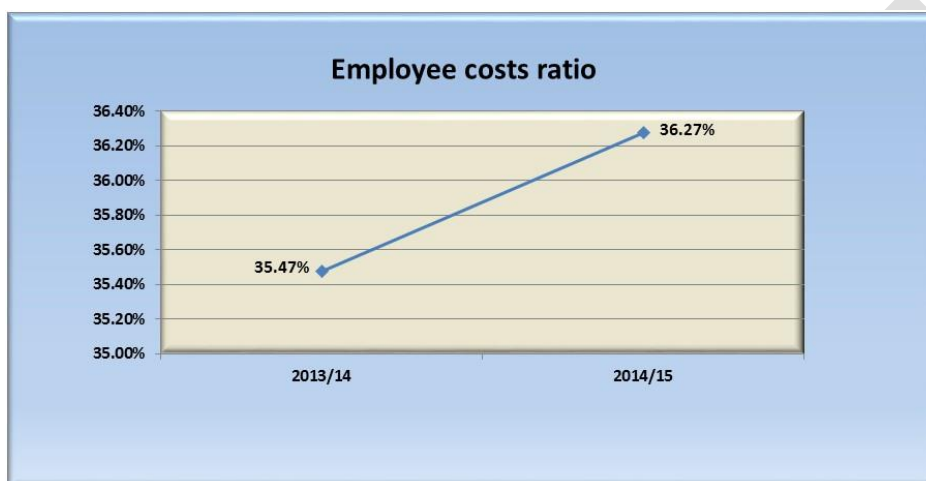
Graph 16: *Capital Charges to Operating Expenditure Ratio*

5.5.4 Employee costs

Description	Basis of calculation	2013/14	2014/15
Employee costs	Employee costs/(Total Revenue - capital revenue)	35.47%	36.27%

Table 265: *Employee Costs*

The following graph indicates the employee costs ratio:



Graph 17: *Employee Costs Ratio*

5.5.5 Repairs & Maintenance

Description	Basis of calculation	2013/14	2014/15
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.35%	4.70%

Table 266: *Repairs and Maintenance*

The following graph indicates the ratio of repairs and maintenance:



Graph 18: *Repairs and Maintenance Ratio*

The liquidity ratio is much better than the norm of 2. The service debtor's ratio decreased slightly from 16.06% to 15.01% in 2013/14. Efforts to increase the debt collection rate must stay the main focus area to

improve and maintain this percentage. Capital charges to operating expenditure ratio decreased from 2.72% to 2.23% in 2013/14. Employee costs increased from 35.47% to 36.27% and are slightly outside the norm of 30%. An area of concern is the low ratio relating to repairs and maintenance at 4.70% which is far less than the norm of 9% and indicates that expenditure on repairs and maintenance would have to be increased in future budgets to properly maintain assets.

Component B: Spending Against Capital Budget

5.6 Capital Expenditure

a) Capital Expenditure by new assets programme

Description	2013/14	2014/15			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2015/16	2016/17	2017/18
R'000							
Capital expenditure by Asset Class							
Infrastructure - Total	102,051	109,664	127,095	140,320	129,247	89,585	58,399
Infrastructure: Road transport - Total	52,432	30,878	42,408	48,592	46,927	32,660	12,948
<i>Roads, Pavements & Bridges</i>	40,450	30,878	42,408	13,300	42,126	24,135	9,162
<i>Storm water</i>	11,982	0	0	35,293	4,801	8,525	3,786
Infrastructure: Electricity - Total	12,678	25,994	25,521	18,912	30,171	27,070	28,902
<i>Generation</i>	0	0	0	0	0	0	0
<i>Transmission & Reticulation</i>	10,798	24,124	23,653	18,912	30,171	27,070	28,902
<i>Street Lighting</i>	1,880	1,870	1,868	0	0	0	0
Infrastructure: Water - Total	23,514	19,374	22,650	17,731	6,776	1,400	3,012
<i>Dams & Reservoirs</i>	11,656	0	0	5,917	438	0	0
<i>Water purification</i>	0	0	0	0	0	0	0
<i>Reticulation</i>	11,859	19,374	22,650	11,813	6,338	1,400	3,012
Infrastructure: Sanitation - Total	12,286	20,721	20,684	13,294	33,516	17,650	8,312
<i>Reticulation</i>	8,512	20,721	20,684	12,633	22,767	12,000	6,312
<i>Sewerage purification</i>	3,774	0	0	661	10,748	5,650	2,000
Infrastructure: Other - Total	1,141	12,697	15,832	41,792	11,858	10,805	5,225
<i>Waste Management</i>	440	1,000	722	40,900	3,500	10,000	5,000
<i>Transportation</i>	0	605	605	367	1,760	0	0
<i>Gas</i>	0	0	0	0	0	0	0
<i>Other</i>	701	11,092	14,505	525	6,598	805	225
Community - Total	2,457	38,250	32,078	13,226	62,070	23,495	27,689
<i>Parks & gardens</i>	118	1,065	1,246	561	2,065	420	80

Description	2013/14	2014/15			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2015/16	2016/17	2017/18
R'000							
Sports fields& stadia	15	0	14,558	1,327	30,599	960	1,760
Swimming pools	0	0	0	86	5,507	750	3,885
Community halls	845	0	3,301	2,182	16,518	18,715	14,114
Libraries	135	50	61	76	0	0	0
Recreational facilities	0	29,414	3,679	1,341	313	0	0
Fire, safety & emergency	0	0	0	0	0	0	0
Security and policing	0	0	0	0	0	0	0
Buses	0	0	0	0	0	0	0
Clinics	0	0	325	317	8	0	0
Museums & Art Galleries	0	0	0	0	1,750	2,000	2,000
Cemeteries	0	0	0	0	0	0	0
Social rental housing	0	0	0	0	0	0	0
Other	1,345	7,721	8,908	7,336	5,309	650	5,850
<u>Capital expenditure by Asset Class</u>	40,648	63,267	77,163	71,913	39,328	18,995	12,801
<u>Heritage assets - Total</u>	0	0	0	0	0	0	0
Buildings	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
<u>Investment properties - Total</u>	0	0	0	0	0	0	0
Housing development	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
<u>Other assets</u>	38,967	62,052	75,383	70,092	31,068	17,295	11,301
General vehicles	13,738	26,188	26,816	26,759	1,030	4,995	4,070
Specialised vehicles	2,740	0	0	0	0	0	0
Plant & equipment	11,379	3,165	2,803	5,712	6,602	1,234	668
Computers - hardware/equipment	3,365	0	0	2,196	2,442	1,447	1,105
Furniture and other office equipment	1,924	7,740	6,201	1,741	4,641	492	88
Abattoirs	0	0	0	0	0	0	0
Markets	0	0	0	0	0	0	0
Civic Land and Buildings	710	0	0	0	0	0	0
Other Buildings	3,686	7,803	22,579	1,805	3,452	0	300
Other Land	0	0	0	15,573	647	4,500	500
Surplus Assets - (Investment or Inventory)	0	0	0	0	0	0	0
Other	1,424	17,157	16,984	16,307	12,254	4,627	4,570
<u>Agricultural assets</u>	0	0	0	0	0	0	0

Description	2013/14	2014/15			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2015/16	2016/17	2017/18
R'000							
Biological assets	0	0	0	0	0	0	0
Intangibles	1,682	1,215	1,780	1,821	8,260	1,700	1,500
Computers - software & programming	1,682	1,215	1,780	1,821	8,260	1,700	1,500
Total Capital Expenditure on new assets	145,156	211,181	236,337	225,459	230,645	132,074	98,888
Specialised vehicles	2,740	0	0	0	0	0	0
Refuse	0	0	0	0	0	0	0
Fire	2,740	0	0	0	0	0	0
Conservancy	0	0	0	0	0	0	0
Ambulances	0	0	0	0	0	0	0

Table 267: Capital Expenditure – New Assets Programme

5.7 Sources of Finance

The table below indicates the capital expenditure by funding source for the 2014/15 financial year:

Details	2013/14	2014/15				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Source of finance						
Description	R'000				%	
External loans	623	13,140	1,145	970	-91.28	-1.33
Public contributions and donations	0	8,000	1,653	1,652	-79.34	-0.01
Grants and subsidies	49,034	38,020	54,170	46,568	42.48	-19.99
Own funding	95,500	152,021	179,368	176,269	17.99	-2.04
Total	145,156	211,181	236,337	225,459	11.91	-5.15
Percentage of finance						
External loans	0	9	1	1	-91.28	-1.33
Public contributions and donations	0	6	1	1	-79.34	-0.01
Grants and subsidies	34	26	37	32	42.48	-19.99
Own funding	66	72	76	78	5.43	3.18
Capital expenditure						
Description	R'000				%	
Water and sanitation	35,800	40,095	43,334	31,024	8.08	-30.70
Electricity	12,678	25,994	25,521	18,912	-1.82	-25.43
Housing	0	0	0	0	0.00	0.00
Roads and storm water	52,432	30,878	42,408	48,592	37.34	20.03

Details	2013/14	2014/15				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Other	44,246	114,214	125,073	126,932	9.51	1.63
Total	145,156	211,181	236,337	225,459	11.91	-5.15
<i>Percentage of expenditure</i>						
Water and sanitation	25	19	18	14	-3.42	-24.10
Electricity	9	12	11	8	-12.27	-19.58
Housing	0	0	0	0	-10.64	4.31
Roads and storm water	36	15	18	22	22.72	24.68
Other	30	54	53	56	-2.15	6.24

Table 268: Capital Expenditure by Funding Source

Negative variances for are indicated when the actual of all of the sources of finances are compared to the adjustments budget, mainly as a result of the lower than expected actual capital expenditure. Although roll-over projects emanating from 2013/14 are included in the adjustments budget in respect of 2014/15 for finalization in that year, the prevention of under spending of capital expenditure in the year budgeted for should receive urgent and continuous attention.

5.8 Capital Spending on 5 Largest Projects

Projects with the highest capital expenditure in 2014/15

Name of Project	2014/15			Variance	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Budget	Adjustment Budget
	R'000			%	
Application land extension	0	10,500	10,500	0.00	0.00
Rugby stadium Saldanha sportsgrounds	15,429	9,330	8,449	-45.24	-9.45
5.0ML reservoir Saldanha	5,961	5,961	5,868	-1.56	-1.56
Middelpos 551 units: roads	4,674	5,640	5,640	20.66	0.00
Purchase land Brittania Bay sewer plant	0	5,422	5,000	0.00	-7.78

Table 269: Capital Expenditure on the 5 Largest Projects

Name of Project 1	Application Land Extension
Objective of Project	Land for future development of Civic Centre
Delays	None - Project Completed
Future Challenges	No foreseen challenges
Anticipated citizen benefits	Centralisation of administrative functions

Table 270: Summary of Project 1

Name of Project 2	Rugby Stadium Saldanha Sportsgrounds
Objective of Project	To provide sport facilities to the community

Delays	No expected delays
Future Challenges	No foreseen challenges
Anticipated citizen benefits	Upgraded facilities to enhance social development

Table 271: Summary of Project 2

Name of Project 3	5.0ML Reservoir Saldanha
Objective of Project	Provide sufficient water to existing and future developments
Delays	No further expected delays
Future Challenges	No foreseen challenges
Anticipated citizen benefits	Provide water to Saldanha and households benefitting from clean water

Table 272: Summary of Project 3

Name of Project 4	Middelpoos 551 Units - Roads
Objective of Project	Roads Infrastructure to new housing development
Delays	No expected delays
Future Challenges	No foreseen challenges
Anticipated citizen benefits	Roads Infrastructure for housing project in good condition

Table 273: Summary of Project 4

Name of Project 5	Purchase Land Britannia Bay Sewerage Plant
Objective of Project	To obtain land to develop sewerage plant
Delays	No expected delays
Future Challenges	No foreseen challenges
Anticipated citizen benefits	Provide sufficient sewerage treatment facilities to the community

Table 274: Summary of Project 5

5.9 Municipal Infrastructure Grant

The full MIG budget allocation for the 14/15 financial year was **R18,389** million.

Details	Budget	Adjustments Budget	Actual	Variance to budget
	R'000		%	
Infrastructure: Roads and Stormwater				
Stormwater	5,080	5,080	5,080	0.0
Infrastructure: sanitation				
Sewerage purification	6,042	6,042	4,982	-17.5
Other				
Project Management Unit	919	919	919	0.0
Sport and recreation facilities	6,347	6,347	7,407	16.7

Table 275: Municipal Infrastructure Grant (MIG)

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.10 Cash Flow

Description	2013/14	2014/15		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
	R'000			
Cash flow from operating activities				
Receipts				
Ratepayers	136,959	145,204	145,244	151,787
Service charges	397,814	440,105	497,357	443,094
Grants	111,235	122,473	107,638	121,145
Interest	33,035	19,463	25,300	34,782
Other	19,597	36,419	31,500	19,442
Payments				
Employee cost and suppliers	(544,946)	(677,168)	(645,002)	(590,481)
Finance charges	(6,503)	(10,284)	(5,307)	(5,292)
Transfers and grants	(2,002)	(2,110)	(2,110)	(2,110)
Net cash from/(used) operating activities	145,189	74,102	154,619	172,368
Cash flows from investing activities				
Receipts				
Proceeds on disposal of PPE	210	0	0	1,456
Decrease (Increase) in non-current debtors	0	0	0	0
Decrease (increase) other non-current receivables	0	0	0	0
Decrease (increase) in non-current investments	0	0	0	0
Payments				
Capital assets	(145,049)	(183,181)	(200,000)	(187,179)
Net cash from/(used) investing activities	(144,838)	(183,181)	(200,000)	(185,723)
Cash flows from financing activities				
Receipts				
Short term loans	0	0	0	0
Finance lease payments	0	0	0	0
Increase (decrease) in consumer deposits	0	0	0	0
Payments				
Repayment of borrowing	(12,175)	(12,851)	(11,647)	(11,473)
Net cash from/(used) financing activities	(12,175)	1,889	3,093	(11,473)
Net increase/ (decrease) in cash held	(11,824)	(107,190)	(42,288)	(24,829)
Cash/cash equivalents at the year begin:	432,252	385,000	420,428	420,428
Cash/cash equivalents at the year-end:	420,428	277,810	378,140	395,599

Table 276: Cash flow

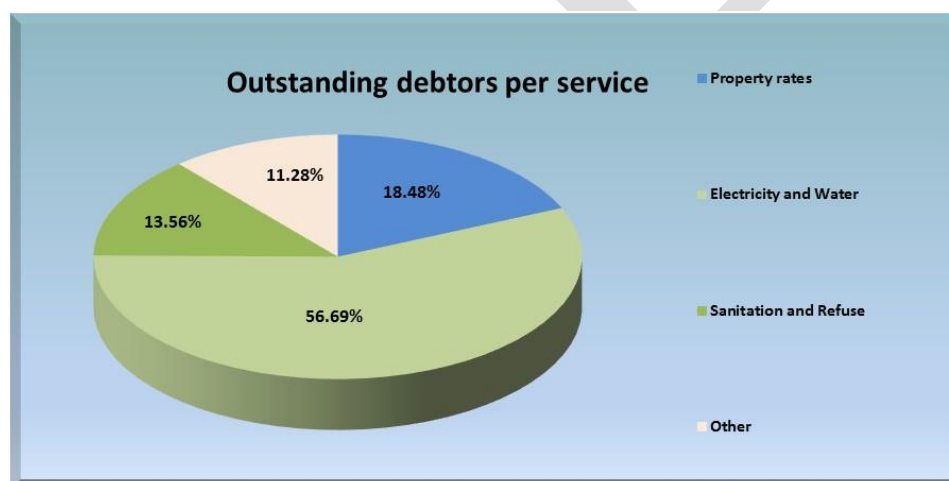
5.11 Gross Outstanding Debtors per Service

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
	(R'000)					
2013/14	16,711	55,390	11,456	0	14,195	97,751
2014/15	17,447	53,532	12,801	0	10,654	94,433
Difference	736	(1,859)	1,345	0	(3,540)	(3,318)
% growth year on year	4	-3	12	0	-25	-3

Table 277: Gross outstanding debtors per service

Note: Figures exclude provision for bad debt.

The following graph indicates the total outstanding debt per type of service for 2014/15



Graph 19: Debt per type of service

5.12 Total Debtors Age Analysis

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	(R'000)				
2013/14	51,611	1,408	1,447	43,287	97,751
2014/15	49,873	1,699	1,384	41,476	94,433
Difference	(1,737)	292	(63)	(1,810)	(3,318)
% growth year on year	-3	21	-4	-4	-3

Table 278: Service debtor age analysis

Note: Figures exclude provision for bad debt

5.13 Borrowing, Investments and Grants Made

5.13.1 Actual Borrowings

Instrument	2013/14	2014/15
	(R'000)	
Long-Term Loans (annuity/reducing balance)	53,596	42,549
Long-Term Loans (non-annuity)	0	0
Local registered stock	0	0
Instalment Credit	0	0
Financial Leases	767	340
PPP liabilities	0	0
Finance Granted By Cap Equipment Supplier	0	0
Marketable Bonds	0	0
Non-Marketable Bonds	0	0
Bankers Acceptances	0	0
Financial derivatives	0	0
Other Securities	0	0
Total	54,362	42,889

Table 279: Actual Borrowings

5.13.2 Municipal Investments

The municipality's cash position is monitored on a daily basis and any cash not required immediately to meet cash flow requirements, are invested on a monthly basis at approved institutions, strictly in accordance with Council's approved Cash and Investment Policy.

Investment type	2013/14	2014/15
	R'000	
Securities - National Government	0	0
Listed Corporate Bonds	0	0
Deposits - Bank	351,422	319,329
Deposits - Public Investment Commissioners	0	0
Deposits - Corporation for Public Deposits	0	0
Bankers Acceptance Certificates	0	0
Negotiable Certificates of Deposit - Banks	0	0
Guaranteed Endowment Policies (sinking)	0	0
Repurchase Agreements - Banks	0	0
Municipal Bonds	0	0
Other	0	0
Total	351,422	319,329

Table 280: Municipal Investments

5.13.3 Grants Made by the Municipality

Name of organisation	Nature of Grant	Conditions attached to funding	2013/14 R'000	2014/15 R'000	Total Amount committed over previous and future years
Saldanha Bay Tourism Organisation (SBTO)	Tourism incentive	SBTO must utilise the funds only for tourism matters	2,002	2,110	Previous commitments were stated in the memorandum of agreement to grant the funds and future grants may be influenced

Table 281: Grants made by municipality

CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS

Component A: Auditor-General Opinion 2013/14

6.1 Auditor General Reports 2013/14

2013/14	
Opinion: unqualified	
Issues raised	Corrective steps implemented/ To be implemented
Emphasis of matter:	
Restatement of corresponding figures	
8. Note 43 of the financial statements corresponding figures for 30 June 2013 have been restated.	Restated as a result of errors discovered during the 2013-14 financial year and for the period ending 30 June 2014
Material impairment/losses	
9. Note 9. The municipality has provided for the impairment of trade receivables from exchange transactions amounting to R68.2 million (46,8%)	The impairment of debtors is a provision that is calculated based on an estimation of the monetary value of debtors that will no pay their outstanding account. This is estimated by reviewing the payment history of individual consumers. The gross debtors are currently high and a debt cleansing exercise will be performed in the 12 months to analyse the data. The municipality is aware of the electricity losses and has put controls in place to kerk these technical and non-technical losses. There has been a reduction in electricity losses from 13% in the previous financial year to 11.3% for the period under review due to the controls measures implemented
10. Note 10. The municipality has provided for impairment of trade receivables from non-exchange transactions amounting to R26.4 million (52.4%).	
11. Note 60. The municipality suffered a significant electricity loss of R23.4 million (11.3%) during the year under review as a result of normal production losses and theft.	
Material under spending of the budget	
12. The statement of comparison of budget and actual amounts and note 58.4 to the financial statements, the municipality has materially under-spent its capital budget to the amount of R63.7 million (30.4%)	Initiatives have been put in place to substantially increase this percentage in the ensuing financial years.
Annual financial statements	
25. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA.	Material misstatements of inventory written off identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.
Expenditure management	
26. Reasonable steps were not taken to prevent irregular and fruitless and wasteful expenditure as required by section 62(1)(d) of the MFMA	The legislative requirements of the supply chain management regulations will be adhered to.
Procurement and contract management	
27. Invitations for competitive bidding were not always advertised for a required minimum period of days, as required by the Supply chain management regulations 2005, regulation 22(1) and 22(2).	Only one instance occurred where a quotation was not advertised for the required number of days. This is an isolated case and will not be repeated.
28. Construction projects were not always registered with the Construction Industry Development Board (CIDB), as required by section 22 of the CIDB Act, 2000 (Act no. 38 of 2000) and CIDB regulation 18.	Constructions contract are monitored to ensure that registration takes place within the legislative required number of days.
Leadership	

2013/14	
Opinion: unqualified	
Issues raised	Corrective steps implemented/ To be implemented
30. Leadership did not exercise sufficient oversight of compliance with legislation relating to expenditure management and supply chain management. Actions committed to by management to address the internal control deficiencies reported in the prior year were not adequate, resulting in repeat audit findings.	A corrective action document has been prepared to ensure that all prior year findings are addressed.
Financial and performance management	
31. Management did not implement adequate processes in place to ensure that credible financial statements in compliance with the reporting framework were prepared as the internal review procedures were not sufficient to identify and correct all material misstatements in the financial statements and underlying records before it being submitted for audit.	<p>Much effort went into the compilation of the Annual Financial Statements. A late correction journal was required resulting in this audit finding. In the next reporting period the objective will be to ensure that no changes will be made after the submission of the Annual Financial Statements on 31 August.</p> <p>The compliance to laws and regulations is a high priority for the municipality and any previous mistakes will be corrected going forward.</p>
32. The municipality reviewed and monitored each transaction to confirm compliance with the laws and regulations; however management did not implement sufficient corrective actions in instances where non-compliance with the supply chain management prescripts were identified.	
33. Management did not design and implement a system to monitor the registration of construction contracts on the CIDB website to ensure that it is registered within 21 days of the award.	

Table 282: AG Report 2013/14

Component B: Auditor-General Opinion 2014/15

6.2 Auditor General Reports 2014/15

2014/15	
Opinion: Unqualified	
Issues raised	Corrective steps implemented/ To be implemented
Emphasis of matter:	
Restatement of corresponding figures	
As disclosed in note 45 to the financial statements, the corresponding figures for 30 June 2014 have been restated, as a result of errors discovered during the 2014-15 financial year in the financial statements of the Saldanha Bay Municipality at, and for the year ended 30 June 2015.	The major reason for corrections was reclassification of certain revenue and expenditure types to comply accurately with GRAP standards.
Material impairment/losses	
As disclosed in notes 4 and 5 to the financial statements, trade and other receivables from exchange transactions and non-exchange transactions have been significantly impaired. The impairment of gross trade and other receivables from exchange transactions amounts to R74.4million (49.8%) while the impairment of gross trade and other receivables from non-exchange transactions amounts to R24.2 million (55.6%).	These include impairment on service charges, property rates, government grants and traffic fines based on the payment trend of each client. In terms of GRAP the municipality must present receivables at fair value.

Table 283: *AG Report 2014/15*

DRAFT

LIST OF ABBREVIATIONS

AG	Auditor-General
CAPEX	Capital Expenditure
CFO	Chief Financial Officer
DPLG	Department of Provincial and Local Government
DWAF	Department of Water Affairs and Forestry
EE	Employment Equity
GRAP	Generally Recognised Accounting Practice
HR	Human Resources
IDP	Integrated Development Plan
IFRS	International Financial Reporting Standards
IMFO	Institute for Municipal Finance Officers
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
MAYCO	Executive Mayoral Committee
MFMA	Municipal Finance Management Act (Act No. 56 of 2003)
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MSA	Municipal Systems Act No. 32 of 2000
NGO	Non-governmental organisation
NT	National Treasury
OPEX	Operating expenditure
PMS	Performance Management System
PT	Provincial Treasury
SALGA	South African Local Government Organisation
SAMDI	South African Management Development Institute
SBM	Saldanha Bay Municipality
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework

Annexure A

Financial Statements



**Saldanha Bay Municipality
Annual Financial Statements
for the year ended 30 June 2015**

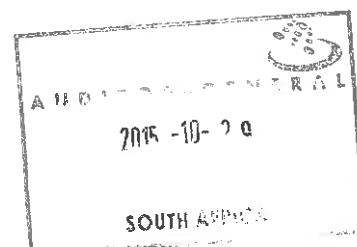


Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

General Information

Legal form of entity	Municipality
Municipal demarcation code	WC014
Executive Mayor	Schippers Francois J
Deputy Executive Mayor	Steyn Elizabeth SJ
Mayoral committee	Don Ryan J Louw Nicholaas S Pronk Frank Van Tura Sucilla L
Speaker	Daniels Olwene D
Councillors	Arendze Wilfred W Benjamin Trevor Biko Mzwandile S Cillié Jan J De Bruin Isak De Bruyn Adele De Bruyn Gerrit Jordaan Berandina Jordaan Peter M Kruger André Mbanze Frank F Mitchell Leonard Mgoqi Nyanisile V Padayachee Hoosain Riet Ikakanyeng M Skei Joubert Vaughan Eventhia Vries Stefanus T
Grading of local authority	Grade 5
Accounting Officer	Scheepers Louis
Chief Financial Officer	Vorster Stefan



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

General Information

Business address	15 Main Road Vredenburg Western Cape South Africa 7380
Postal address	Private Bag X 11 Vredenburg Western Cape South Africa 7380
Banker	Standard Bank of South Africa Limited
Auditors	Auditor General South Africa



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Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

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Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

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List of abbreviations used

CPI	Consumer Price Index
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
EPWP	Expanded Public Works Programme
FMG	Finance Management Grant
FMSG	Finance Management Support Grant
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IDC	Industrial Development Corporation
IPSAS	International Public Sector Accounting Standards
LED	Local Economic Development
MFMA	Municipal Finance Management Act, Act 56 of 2003
MIG	Municipal Infrastructure Grant (Previously CMIP)
MSIG	Municipal System Improvement Grant
PAYE	Pay As You Earn
PPE	Property, Plant and Equipment
PTIS	Public Transport Infrastructure grant
SALGA	South African Local Government Association
SARS	South African Revenue Service
SETA	Sector Education and Training Authority
SCM	Supply Chain Management
SDL	Skills Development Levy
UIF	Unemployment Insurance Fund
VAT	Value Added Tax
WCA	Workers Compensation Assistance
WIP	Work in Progress



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Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the MFMA Act 56 of 2003, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with South African Standards of GRAP including any interpretations, guidelines and directives issued by the Accounting Standards Board. The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to end 30 June 2016 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for auditing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented separately.

The annual financial statements set out on pages 6 to 94, which have been prepared on the going concern basis, were approved and signed by the municipal manager on 30 November 2015.

The accounting officer further certifies that the salaries, allowances and benefits of councillors and payments made to councillors for loss of office, if any, as disclosed in note 34 and 55 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

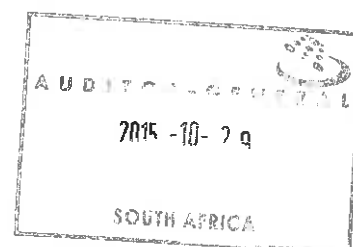


Accounting Officer

LA Scheepers

28 October 2015

Vredenburg



N.N

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Position as at 30 June 2015

Figures in Rand	Note(s)	2015	2014 Restated*
Assets			
Current assets			
Cash and cash equivalents	2	395 599 128	420 427 711
Inventories	3	9 862 988	10 114 290
Trade and other receivables from exchange transactions	4	75 084 810	74 832 181
Trade and other receivables from non-exchange transactions	5	19 348 403	22 919 280
Prepayments	6	2 654 457	2 531 979
Operating lease asset	7	365 132	360 762
VAT receivable	8	2 101 057	3 453 772
		<u>505 015 975</u>	<u>534 639 975</u>
Non-current assets			
Property, plant and equipment	9	2 169 681 864	2 055 906 637
Intangible assets	10	3 999 013	3 260 075
Investment property	11	20 132 500	19 078 170
Heritage assets	12	1 422 802	1 422 802
		<u>2 195 236 179</u>	<u>2 079 667 684</u>
Total assets		<u>2 700 252 154</u>	<u>2 614 307 659</u>
Liabilities			
Current liabilities			
Payables from exchange transactions	13	69 171 457	70 552 468
Consumer deposits	14	15 425 922	14 230 114
Unspent conditional grants and receipts	15	28 982 148	19 912 324
Borrowings	16	7 432 082	10 645 315
Finance lease obligation	17	340 034	427 553
Operating lease liability	7	78 383	152 756
Employee benefit obligation	18	23 575 978	21 866 325
		<u>145 006 004</u>	<u>137 786 855</u>
Non-current liabilities			
Borrowings	16	35 117 096	42 950 390
Finance lease obligation	17	-	339 123
Employee benefit obligation	18	96 668 840	84 572 000
Provisions	19	94 957 598	54 812 328
		<u>226 743 534</u>	<u>182 673 841</u>
Total liabilities		<u>371 749 538</u>	<u>320 460 696</u>
Net assets		<u>2 328 502 616</u>	<u>2 293 846 963</u>
Accumulated surplus	20	<u>2 328 502 616</u>	<u>2 293 846 963</u>

* See Note 49 & 45

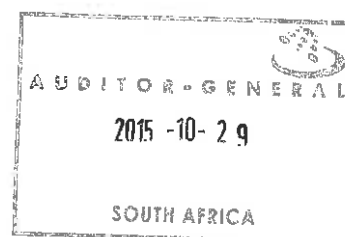


Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Performance

Figures in Rand	Note(s)	2015	2014 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	21	441 827 445	416 179 159
Rental of facilities and equipment	22	12 395 606	11 257 912
Interest earned - external investments	23	29 066 114	24 758 255
Interest earned - outstanding receivables	24	6 008 186	5 846 029
Agency services	25	4 010 554	3 404 297
Licences and permits	26	1 230 370	1 242 754
Gains on disposal of assets		190 121	205 688
Other income	27	14 868 120	7 768 446
Total revenue from exchange transactions		509 596 516	470 662 540
Revenue from non-exchange transactions			
Property rates	28	150 857 187	141 994 392
Interest earned - outstanding property rates	29	2 859 560	2 837 025
Government grants and subsidies	30	95 138 195	90 837 111
Fines	31	3 610 043	1 999 737
Other income	32	2 418 057	3 390 375
Total revenue from non-exchange transactions		254 883 042	241 058 640
Total revenue		764 479 558	711 721 180
Expenditure			
Employee related costs	33	242 794 497	220 253 338
Remuneration of councillors	34	8 641 896	8 368 025
Loss on disposal of assets		992 079	226 720
Depreciation, amortisation and impairment losses	35	108 969 275	89 849 508
Finance costs	36	15 779 220	13 911 343
Debt impairment	37	8 291 701	12 384 689
Collection costs		380 271	590 621
Repairs and maintenance - materials and payments to suppliers		31 474 673	26 999 881
Bulk purchases	38	235 982 376	221 088 960
Contracted services	39	3 542 274	3 041 217
Transfers and subsidies	40	2 109 639	2 001 550
Inventories written-off		460 641	4 341 838
General expenses	41	71 459 693	70 172 103
Total expenditure		730 878 235	673 229 793
Operating surplus		33 601 323	38 491 387
Fair value adjustment	42	1 054 330	1 405 470
Surplus for the year		34 655 653	39 896 857



* See Note 49 & 45

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus
Opening balance as previously reported	2 247 379 341
Correction of errors	6 570 765
Balance at 01 July 2013 as restated*	2 253 950 106
Surplus for the year	39 896 857
Balance at 01 July 2014 as restated*	2 293 846 963
Surplus for the year	34 655 653
Balance at 30 June 2015	2 328 502 616



* See Note 49 & 45

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Cash Flow Statement

Figures in Rand	Note(s)	2015	2014 Restated*
Cash flows from operating activities			
Receipts			
Property rates		151 786 863	136 959 198
Service charges		443 094 372	397 813 561
Grants		121 145 085	111 234 747
Interest received		34 781 693	33 034 649
Other receipts		19 442 009	19 597 255
		<u>770 250 022</u>	<u>698 639 410</u>
Payments			
Employee costs		(228 988 004)	(193 740 539)
Suppliers and other		(363 602 571)	(353 206 715)
Finance costs		(5 291 585)	(6 502 950)
		<u>(597 882 160)</u>	<u>(553 450 204)</u>
Net cash flows from operating activities	46	<u>172 367 862</u>	<u>145 189 206</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(185 358 290)	(143 366 913)
Proceeds from sale of property, plant and equipment	9	1 455 719	210 467
Purchase of intangible assets	10	(1 820 705)	(1 681 661)
Net cash flows from investing activities		<u>(185 723 276)</u>	<u>(144 838 107)</u>
Cash flows from financing activities			
Repayment of borrowings		(11 046 527)	(11 867 486)
Finance lease payments		(426 642)	(307 822)
Net cash flows from financing activities		<u>(11 473 169)</u>	<u>(12 175 308)</u>
Net decrease in cash and cash equivalents		<u>(24 828 583)</u>	<u>(11 824 209)</u>
Cash and cash equivalents at the beginning of the year		420 427 711	432 251 920
Cash and cash equivalents at the end of the year	2	<u>395 599 128</u>	<u>420 427 711</u>

AUDITOR-GENERAL
2015-10-29
SOUTH AFRICA
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* See Note 49 & 45

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on accrual basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	%
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Figures in Rand

Statement of Financial Position

Assets

Current assets

Cash and cash equivalents	365 000 000	-	365 000 000	395 599 128	30 599 128	8
Inventories	11 500 000	-	11 500 000	9 862 988	(1 637 012)	(14)
Trade and other receivables from exchange transactions	80 000 000	-	80 000 000	75 084 810	(4 915 190)	(6)
Trade and other receivables from non-exchange transactions	22 980 411	-	22 980 411	19 348 403	(3 632 008)	(16)
Prepayments	2 654 457	-	2 654 457	2 654 457	-	-
Operating lease asset	365 132	-	365 132	365 132	-	-
VAT receivable	2 000 001	-	2 000 001	2 101 057	101 056	5
	484 500 001	-	484 500 001	505 015 975	20 515 974	

Non-current assets

Property, plant and equipment	2 172 187 679	-	2 172 187 679	2 169 681 864	(2 505 815)	-
Intangible assets	4 651 573	-	4 651 573	3 999 013	(652 560)	(14)
Investment property	4 000 000	-	4 000 000	20 132 500	16 132 500	403
Heritage assets	1 422 802	-	1 422 802	1 422 802	-	-
Non-current receivables	45 000	-	45 000	-	(45 000)	(100)
	2 182 307 054	-	2 182 307 054	2 195 236 179	12 929 125	

Total assets

	2 666 807 055	-	2 666 807 055	2 700 252 154	33 445 099	
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Liabilities

Current liabilities

Payables from exchange transactions	89 149 476	-	89 149 476	69 171 457	(19 978 019)	(22)
Consumer deposits	14 499 682	-	14 499 682	15 425 922	926 240	6
Unspent conditional grants and receipts	15 000 000	-	15 000 000	28 982 148	13 982 148	93
Borrowings	7 661 398	-	7 661 398	7 432 082	(229 316)	(3)
Finance lease obligation	340 034	-	340 034	340 034	-	-
Operating lease liability	78 383	-	78 383	78 383	-	-
Employee benefit obligation	4 083 000	-	4 083 000	23 575 978	19 492 978	477
	130 811 973	-	130 811 973	145 006 004	14 194 031	

Non-current liabilities

Borrowings	34 470 685	-	34 470 685	35 117 096	646 411	2
Finance lease obligation	417 830	-	417 830	-	(417 830)	(100)
Employee benefit obligation	93 221 000	-	93 221 000	96 668 840	3 447 840	4
Provisions	59 561 000	-	59 561 000	94 957 598	35 396 598	59
	187 670 515	-	187 670 515	226 743 534	39 073 019	

Total liabilities

	318 482 488	-	318 482 488	371 749 538	53 267 050	
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Net assets

	2 348 324 567	-	2 348 324 567	2 328 502 616	(19 821 951)	
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Net assets

Reserves

Accumulated surplus	2 348 324 567	-	2 348 324 567	2 328 502 616	(19 821 951)	(1)
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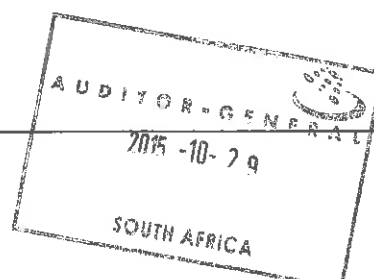
Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	%
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	454 591 099	-	454 591 099	441 827 445	(12 763 654)	(3)
Rental of facilities and equipment	12 549 547	-	12 549 547	12 395 606	(153 941)	(1)
Interest earned - external investments	25 300 000	-	25 300 000	29 066 114	3 766 114	15
Interest earned - outstanding receivables	6 678 250	-	6 678 250	6 008 186	(670 064)	(10)
Agency services	3 505 570	-	3 505 570	4 010 554	504 984	14
Licences and permits	1 323 250	-	1 323 250	1 230 370	(92 880)	(7)
Gains on disposal of assets	-	-	-	190 121	190 121	-
Other income	10 054 591	-	10 054 591	14 868 120	4 813 529	48
Total revenue from exchange transactions	514 002 307	-	514 002 307	509 596 516	(4 405 791)	
Revenue from non-exchange transactions						
Property rates	147 673 794	-	147 673 794	150 857 187	3 183 393	2
Interest earned - outstanding property rates	3 500 000	-	3 500 000	2 859 560	(640 440)	(18)
Government grants and subsidies	109 290 317	-	109 290 317	95 138 195	(14 152 122)	(13)
Fines	3 032 820	-	3 032 820	3 610 043	577 223	19
Other income	2 759 270	-	2 759 270	2 418 057	(341 213)	(12)
Total revenue from non-exchange transactions	266 256 201	-	266 256 201	254 883 042	(11 373 159)	
Total revenue	780 258 508	-	780 258 508	764 479 558	(15 778 950)	
Expenditure						
Employee related costs	248 381 500	-	248 381 500	242 794 497	(5 587 003)	(2)
Remuneration of councillors	8 985 910	-	8 985 910	8 641 896	(344 014)	(4)
Loss on disposal of assets	300 380	-	300 380	992 079	691 699	230
Depreciation, amortisation and impairment losses	121 504 834	-	121 504 834	108 969 275	(12 535 559)	(10)
Finance costs	16 661 157	-	16 661 157	15 779 220	(881 937)	(5)
Debt impairment	20 446 867	-	20 446 867	8 291 701	(12 155 166)	(59)
Collection costs	456 000	-	456 000	380 271	(75 729)	(17)
Repairs and maintenance - materials and payments to suppliers	39 787 632	219 378	40 007 010	31 474 673	(8 532 337)	(21)
Bulk purchases	243 802 000	-	243 802 000	235 982 376	(7 819 624)	(3)
Contracted services	3 500 000	-	3 500 000	3 542 274	42 274	1
Transfers and subsidies	2 109 640	-	2 109 640	2 109 639	(1)	-
Inventories written-off	8 639 591	-	8 639 591	460 641	(8 178 950)	(95)
General expenses	99 944 032	(219 378)	99 724 654	71 459 693	(28 264 961)	(28)
Total expenditure	814 519 543	-	814 519 543	730 878 235	(83 641 308)	
Operating surplus	(34 261 035)	-	(34 261 035)	33 601 323	67 862 358	
Fair value adjustments	-	-	-	1 054 330	1 054 330	-
Surplus/(deficit)	(34 261 035)	-	(34 261 035)	34 655 653	68 916 688	



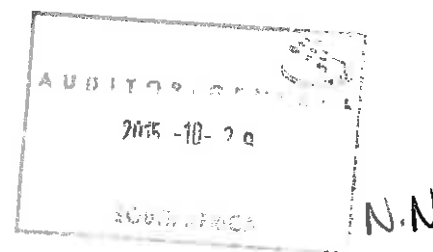
Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	%
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Property rates	145 244 129	-	145 244 129	151 786 863	6 542 734	5
Service charges	497 356 555	-	497 356 555	443 094 372	(54 262 183)	(11)
Grants	107 637 566	-	107 637 566	121 145 085	13 507 519	13
Interest income	25 299 750	-	25 299 750	34 781 693	9 481 943	37
Other receipts	31 500 000	-	31 500 000	19 442 009	(12 057 991)	(38)
	807 038 000	-	807 038 000	770 250 022	(36 787 978)	
Payments						
Employee costs	(242 615 000)	-	(242 615 000)	(228 988 004)	13 626 996	(6)
Suppliers and other	(404 497 000)	-	(404 497 000)	(363 602 571)	40 894 429	(10)
Finance costs	(5 307 000)	-	(5 307 000)	(5 291 585)	15 415	-
	(652 419 000)	-	(652 419 000)	(597 882 160)	54 536 840	
Net cash flows from operating activities	154 619 000	-	154 619 000	172 367 862	17 748 862	
Cash flows from investing activities						
Purchase of property, plant and equipment	(198 179 295)	-	(198 179 295)	(185 358 290)	12 821 005	(6)
Proceeds from sale of property, plant and equipment	-	-	-	1 455 719	1 455 719	-
Purchase of other intangible assets	(1 820 705)	-	(1 820 705)	(1 820 705)	-	-
Net cash flows from investing activities	(200 000 000)	-	(200 000 000)	(185 723 276)	14 276 724	
Cash flows from financing activities						
Proceeds from borrowings	13 140 000	-	13 140 000	-	(13 140 000)	(100)
Repayment of borrowings	(11 647 000)	-	(11 647 000)	(11 046 527)	600 473	(5)
Finance lease payments	1 600 000	-	1 600 000	(426 642)	(2 026 642)	(127)
Net cash flows from financing activities	3 093 000	-	3 093 000	(11 473 169)	(14 566 169)	
Net increase/(decrease) in cash and cash equivalents	(42 288 000)	-	(42 288 000)	(24 828 583)	17 459 417	(41)
Cash and cash equivalents at the beginning of the year	420 428 000	-	420 428 000	420 427 711	(289)	-
Cash and cash equivalents at the end of the year	378 140 000	-	378 140 000	395 599 128	17 459 128	



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1. Summary of significant accounting policies

The municipality's principal accounting policies, which are in all material aspects consistent with those applied in the previous year, are set out below. The details of any changes in accounting policies are explained in the note thereto. The historical cost convention has been used, except where indicated otherwise. Management has used assessments and estimates in preparing the annual financial statements which are based on the best information available at the time of preparation.

1.1 Basis of presentation

The annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives, issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

Presentation currency

These financial statements are presented in South African Rand, which is the functional currency of the municipality.

Going concern assumption

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months

Comparative information

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed.

Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Impairment of trade receivables

The calculation of the impairment of trade receivables is based on a payment percentage assessment of the individual debtors of the municipality. If an individual debtor has a payment percentage of more than 90%, impairment is not considered. In instances where the payment percentage is less than 90%, the individual debtor is impaired based on the actual non-payment percentage of the outstanding debt.

Impairment testing

The recoverable amounts of cash and non-cash generating assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

Fair value estimation

The carrying value less impairment provision of trade receivables are assumed to approximate their fair value.

Provisions

Management's judgement is required when recognising and measuring provisions, contingent liabilities and contingent assets.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of infrastructure and other assets

The municipality's management annually determines the estimated useful lives and related depreciation charges for the infrastructure and other assets. This estimate is based on industry norms or technical advice. Management will amend the depreciation charge where there is a change in the estimated useful lives.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

Other key assumptions for post-retirement benefits are based on current market conditions. Additional information is disclosed in Note 18 - Employee benefit obligation.

Effective interest rate

The municipality used the most relevant contractual risk rate applicable where relevant to each category of assets and liabilities to discount future cash flows. Where none exists the prime interest rate is used to discount future cash flows.

Allowance for debtors impairment

On receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.3 Standards, amendments to standards and interpretations issued but not yet effective

In the current year the municipality has adopted all new and revised standards and interpretations issued by the ASB that are relevant to its operations and are effective. The following GRAP standards have been issued, but are not yet effective during the current reporting period and the municipality did not early adopt these GRAP standards

Reference	Topic	Effective date
GRAP 18	Segment reporting	1 April 2015
GRAP 20	Related party disclosures	Unknown
GRAP 32	Service concession arrangements (Grantor)	Unknown
GRAP 105	Transfers of functions between entities under common control	1 April 2015
GRAP 106	Transfers of functions between entities not under common control	1 April 2015
GRAP 107	Mergers	1 April 2015
GRAP 108	Statutory receivables	Unknown
iGRAP17	Service concession arrangements where a grantor controls a significant residual interest in an asset	Unknown

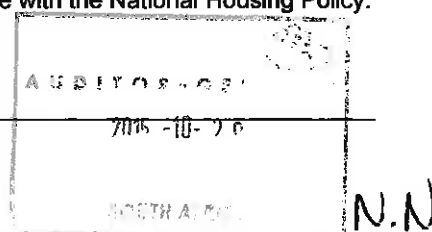
Management has considered all of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

1.4 Housing development fund

The Housing Development Fund was established in terms on the Housing Act, Act 107 of 1997.

Sections 15(5) and 16 of the Housing Act, which came into effect on 1 April 1998, required the Municipality to maintain a separate housing operating account. This legislated separate operating account is known as the housing development fund and is fully cash-backed.

In terms of section 14(4)(d)(ii)(aa) of the Housing Act, read with, inter alia, section 16(2), it is required that the net proceeds of any letting, sale or alienation of property, previously financed from government housing funds, to be paid into a separate operating account, and be utilised by the municipality for housing development in accordance with the National Housing Policy.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.5 Budget information

The approved budget covers the fiscal period from 2014/07/01 to 2015/06/30.

The annual budget figures have been presented in accordance with the GRAP reporting framework. Separate statements of comparison of budget and actual amounts, which forms part of the annual financial statements, have been prepared.

The comparison of budget and actual amount are presented on the same accounting basis, same classification basis and for the same municipality and period as for the approved budget. The budget of the municipality is taken through a stakeholder consultative process and upon approval the approved budget it is made publicly available.

A difference of 10% or more between budget and actual amounts is regarded as material.

1.6 Changes in accounting policy

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice on a basis consistent with the prior year, except for the withdrawal of the following new or revised GRAP standards as per Directive 5 as issued by the Accounting Standards Board:

GRAP 5 Borrowing costs: Amended version is effective from periods starting after 1 April 2014

GRAP 100 Discontinued operations: Amended version is effective from periods starting after 1 April 2014

Nature of impending changes in accounting policy

GRAP 5: Borrowing costs

The accounting policies of the municipality were changed to cease the capitalisation of interest on external borrowings which is applied prospectively from 1 July 2014 in accordance with paragraph .35

GRAP 100: Discontinued operations:

GRAP 100 has been amended by the withdrawal of the measurement, presentation and disclosure requirements related to non-current assets held for sale. The manner in which non-current assets held for sale are measured is applied prospectively from 1 July 2014 as stipulated in the amendments to GRAP 100. The manner in which non-current assets held for sale are classified and presented in the statement of financial position and accompanying notes is applied retrospectively as stipulated in GRAP 100.

Impact on the municipality's annual financial statements once implemented

GRAP 5:

As from 1 July 2014 borrowing costs on qualifying assets will no longer be capitalised, but recognised as an expense in the period which incurred. However, if any assets met the criteria to be classified as qualifying assets prior to the effective date of the amendments, the accounting policy for such assets remain unchanged. This means that no adjustments are made to any borrowing costs incurred on assets where their construction is completed prior to the effective date of the amendments. Similarly, if a qualifying asset is in process of being constructed prior to the effective date of amendments, the entity continue to capitalise borrowing costs until the activities necessary to prepare the qualifying assets for its intended use or sale are completed.

GRAP 100:

Prior to the amendment, the standard required assets or disposal groups that are held for sale to be measured at the lower of their carrying value and their fair value less cost to sell. As the effect of this requirement is that the municipality assesses its assets it plans to sell for impairment, the amendment implies that the same can be achieved within the existing assets and impairment related standards. Therefore no specific measurement requirements for assets held for sale over and above those already required in existing standards.

As a result of this, the standard of GRAP on Presentation of Financial Statements was also amended that now requires entities to disclose information about significant assets and group of assets and liabilities or components, (as defined in GRAP 100), that will be disposed of in future reporting periods. The municipality provides these disclosure once management has made a decision to dispose of certain assets, groups of assets and liabilities or components.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.6 Changes in accounting policy (continued)

Assets held for sale will no longer be presented on the face of the statement of financial position, but will be presented as part of the existing asset standards. Measurement will thus be prospectively and presentation retrospectively. The disclosure in the notes to the annual financial statements of significant assets and groups of assets that will be disposed of in future will be retrospectively.

1.7 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one reporting period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost or fair value of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or assets, or a combination of assets and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The municipality maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain.

The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value, and is recognised in the statement of financial performance.

Depreciation rates

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciable amount is determined after taking into account an assets' residual value, where applicable. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful asset lives.

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Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

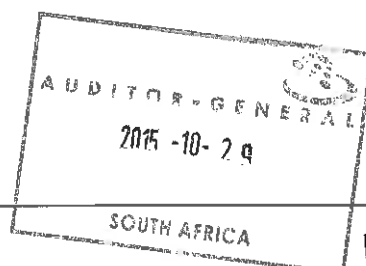
1.7 Property, plant and equipment (continued)

Asset type	Estimated useful lives (years)
Land	
• Municipal land	Indefinite
Buildings	
• Airport buildings	20
• Buildings - Other	20 - 30
• Electricity buildings	30
• Buildings - Security	3 - 6
Other Assets	
• Aircraft / Balloons	15
• Bins	5 - 15
• Other buildings	30
• Containers	10
• Emergency equipment	5 - 15
• Furniture and fittings	7 - 15
• Motor vehicles	3 - 20
• Office equipment	3 - 5
• Plans	5
• General plant	2 - 20
• Landfill sites	0 - 10
• Water craft	15
•	
Infrastructure	
• Airports	20
• Cleansing	5 - 50
• Electricity	6 - 50
• Gas	20
• Pedestrian malls	20
• Roads	6 - 80
• Security measures	5 - 6
• Sewerage	5 - 99
• Towers	15
• Water	6 - 50
Community	
• Buildings	15 - 20
• Recreational facilities	20
Finance leased assets	
• Cell phones	2
• Telecommunication equipment	5
• Office machines	3

The residual value, the useful life of an asset and the depreciation method if not insignificant, are reviewed annually with the effect of any changes in estimate and accounted for on a prospective basis as a change in accounting estimate in the statement of financial performance.

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is available for use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where appropriate, the term of the relevant lease and are recognised in the statement of financial performance.



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Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.8 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as provision for rehabilitation of landfill sites.

The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

All changes in the liability are added to, or deducted from, the cost of the related asset in the current period. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the statement of financial performance. If the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of non-cash-generating assets.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit. The periodic unwinding of discount is recognised in surplus or deficit as a finance cost as it occurs.

1.9 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

Heritage assets are stated at cost, less accumulated impairment losses. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

The gain or loss arising from the disposal or retirement of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying value and is recognised in the statement of financial performance. Heritage assets are not depreciated, since their long economic life and high residual value mean that any depreciation would be immaterial. Heritage assets are considered to have indefinite useful lives.

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Saldanha Bay Municipality

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Accounting Policies

1.9 Heritage assets (continued)

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.10 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Asset type	Estimated useful lives (years)
Computer software, other	3 - 15
Other intangible assets	Indefinite

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

An intangible asset is defined as an identifiable non-monetary asset without physical substance, held for use in the production or supply of goods or services, for rental to others or for administrative purposes.

The municipality recognises computer development software costs as intangible assets if the costs are clearly associated with an identifiable and unique system controlled by the municipality, and have a probable benefit exceeding one year. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.10 Intangible assets (continued)

The residual value, amortisation method and useful life, if not insignificant, are reassessed annually, with the effect of any changes in estimate accounted for on a prospective basis.

1.11 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

The municipality recognises investment property using the fair value model. The fair value is adjusted at each reporting date by means of the appointment of an independent valuer that holds a professional valuation qualification. The adjustment is recognised in the statement of financial performance as a fair value adjustment.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Where investment properties are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

Revenue earned from rental of investment property is disclosed as part of rental of facilities and equipment and are thus not disclosed separately, as they are not material. Expenses in respect of investment property are disclosed as other expenditure and not disclosed separately as they are not material.

Investment property was not tested for impairment as the impairment is taken into account with the determination of the fair value at reporting date.

Investment property is derecognised when there is a disposal or no future economic benefits or service potential are to be derived from the property. All gains or losses, which result from the derecognition are recognised in the statement of financial performance.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

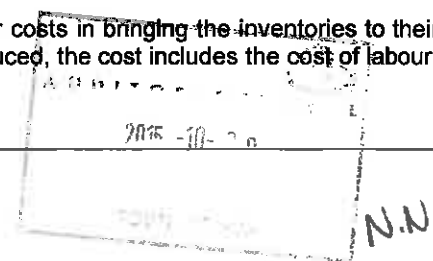
The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

1.12 Inventories

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, or for no or a nominal consideration, and then their costs are their fair value as at the date of acquisition.

Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.12 Inventories (continued)

Inventories are subsequently valued at the lower of cost (determined on the weighted-average basis) and net realisable value, unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

An assessment of net-realizable value is performed at each reporting period, when inventory is written down to their estimated net realisable values, and are recognised as an expense in the statement of financial performance.

When differences arose on the valuation of inventory, the amount of any reversal or any write-down of inventories is recognised as an adjustment in the statement of financial performance in the period in which it occurs.

The basis of determining the cost of water purchased but not yet sold at reporting date comprises all costs of the purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates.

Housing inventory is low costs houses still in process of construction, or completed and not yet transferred. These houses are entirely funded by the National Department of Human Settlements, through the Western Cape Department of Human Settlements.

In terms of GRAP standards a municipality can either be regarding to be the "principal" or "agent" when executing the delivery of houses.

When the municipality is acting as the "principal" all costs are recognised as inventory up to the point of transfer to the allocated beneficiaries, where after the cost is expensed through the statement of financial performance.

Housing inventory is measured at the lower of cost and current replacement cost as houses will be distributed through a non-exchange transaction.

When the municipality is acting as the "agent" all transfers received by the Western Cape Department of Human Settlements is recorded initially as a liability in the statement of financial position. Any payments or costs pertaining to human settlement housing activities are debited against the liability.

1.13 Financial instruments

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets or financial liabilities.

A financial instrument is recognised if the municipality becomes a party to the contractual provisions of the instrument.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or un-collectability.

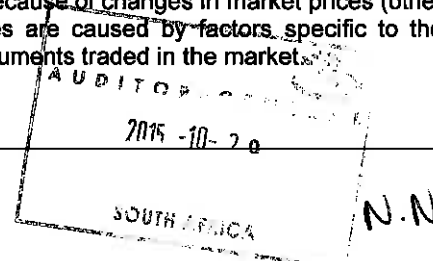
A concessionary loan is a loan granted to or received by a municipality on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by a municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.13 Financial instruments (continued)

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the municipality had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that the municipality designates at fair value at initial recognition, or those that are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

A financial asset is cash, a residual interest of another municipality, or a contractual right to receive cash or another financial asset from another, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the municipality.

The municipality measures all financial assets and financial liabilities after initial recognition by using the two categories of, financial instruments at fair value, or financial instruments at amortised cost.

The municipality has the following types of financial assets as reflected on the face of the statement of financial position or in the notes thereto:

Class:	Category - measured at:
Trade and other receivables from non-exchange transactions	Amortised cost
Trade and other receivables from exchange transactions	Amortised cost
Cash and cash equivalents	Amortised cost

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another municipality. Loans payable are financial liabilities, other than short-term payables on normal credit terms.

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

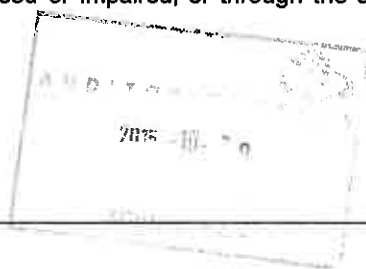
Class:	Category - measured at:
Trade and other payables from non-exchange transactions	Amortised cost
Borrowings	Amortised cost
Finance lease liability	Amortised cost
Consumer deposits	Amortised cost

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets, other than those measured at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence of impairment. If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised as revenue or expense in the statement of financial performance.

For financial assets and financial liabilities measured at amortised cost, a gain or loss is recognised in the statement of financial performance when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.



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Accounting Policies

1.13 Financial instruments (continued)

The municipality derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, are settled or waived, or when the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or when the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

In this case, the municipality derecognise the asset and recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

The municipality removes a financial liability from its statement of financial position when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of financial performance.

Interest relating to a financial instrument is recognised as revenue or expense in the statement of financial performance.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with the terms used in the public sector, either through established practices or legislation.

Fair value measurement considerations:

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data. The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.14 Unauthorised expenditure

Unauthorised expenditure is defined as any expenditure incurred by a municipality not in accordance with section 15 or 11(3) of the MFMA, and includes an overspending of the total amount appropriated in the municipality's approved budget, an overspending of the total amount appropriated for a vote in the approved budget, an expenditure from a vote unrelated to the department or functional area covered by the vote, an expenditure of money appropriated not in accordance for that specific purpose, a spending of an allocation not in accordance with any conditions of the allocation, or a grant made by the municipality not in accordance with the MFMA.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Refer to Annexure C (Capital expenditure by vote) and Annexure D (Operating expenditure by vote) where an analysis of the budgeted and actual expenditure is presented.

1.15 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act, Act 56 of 2003, the Municipal Systems Act, Act 32 of 2000, the Public Office Bearers Act, Act 20 of 1998, or is in contravention of the municipality's supply chain management policy.

Irregular expenditure is accounted for as expenditure in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.16 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.17 Provisions

A provision is recognised when the Entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the statement of financial performance as a finance cost.

If the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

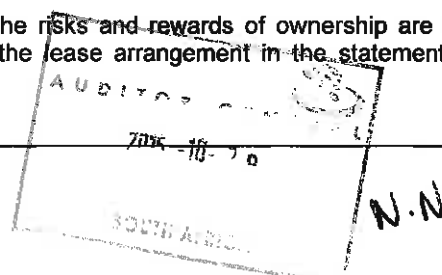
Contingent assets and contingent liabilities are not recognised, but are disclosed in note 54.

1.18 Leases

Municipality as lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality through the lease agreement. Assets subject to finance leases are recognised in the statement of financial position at the inception of the lease, as is the corresponding finance lease liability.

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are expensed over the course of the lease arrangement in the statement of financial performance.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.18 Leases (continued)

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Assets subject to a finance lease are measured at the lower of the fair value of the assets and the present value of the future minimum lease payments. Subsequent to initial recognition these capitalised assets are depreciated over the contract term.

The finance lease liability recognised at initial recognition is measured at the present value of the future minimum lease payments. Subsequent to initial recognition this liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed through the statement of financial performance. The finance cost accrual is determined using the effective interest method.

The lease expense recognised for operating leases is charged to the statement of financial performance on a straight-line basis over the term of the relevant lease. To the extent that the straight-lined lease payments differ from the actual lease payments the difference is recognised in the statement of financial position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be. This resulting asset and/ or liability is measured as the undiscounted difference between the straight-line lease payments and the contractual lease payments.

The finance lease liabilities are derecognised when the municipality's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the municipality no longer expects any economic benefits or service potential to flow from the asset.

The operating lease liability is derecognised when the municipality's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the municipality no longer anticipates economic benefits to flow from the asset.

Municipality as lessor

For those leases that meet the definition of a finance lease, where the municipality is the lessor, the municipality derecognises the asset subject to the lease at the inception of the lease. Along with the derecognition of the asset the municipality recognises a finance lease receivable. Finance lease income is allocated to between the finance lease receivable and finance income using the effective interest rate method and the resulting finance income is recognised in the statement of financial performance as it accrues.

For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable is recognised at the inception of the lease. Lease payments received under an operating lease are recognised as income in the statement of financial performance.

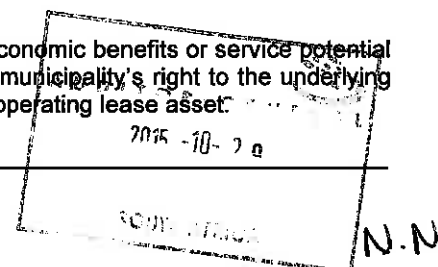
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance lease receivables are recognised at an amount equal to the municipality's net investment in the lease. This net investment in the lease is calculated as the sum of the minimum future lease payments and unguaranteed residual value discounted over the lease term at the rate implicit in the lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability. An operating lease liability is raised to the extent that lease payments are received in advance. The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

Finance lease receivables are derecognised when the municipality's right to the underlying cash flows expire or when the municipality no longer expects economic benefits to flow from the finance lease receivable.

Operating lease liabilities are derecognised when the municipality's obligation to provide economic benefits or service potential under the lease agreement expires. Operating lease assets are derecognised when the municipality's right to the underlying cash flows expire or the municipality no longer expects economic benefits to flow from the operating lease asset.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.18 Leases (continued)

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.19 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrues to the municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

The amount of revenue can be measured reliably; and

It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue arising out of situations where the municipality acts as an agent on behalf of another municipality (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the municipality.

Revenue from interest earned is recognised, in the statement of financial performance, using the effective interest method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another municipality (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

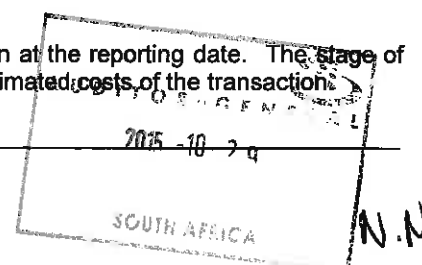
The stage of completion of the transaction at the reporting date can be measured reliably; and

The cost incurred for the transaction and the cost to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. The stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.19 Revenue from exchange transactions (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

The municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;

The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

The amount of revenue can be measured reliably;

It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and

The costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.20 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

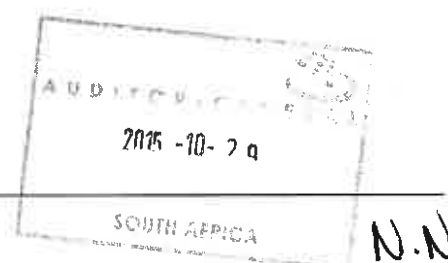
Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.20 Revenue from non-exchange transactions (continued)

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

Apart from services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are initially measured at its fair value at the date of acquisition, which is the best estimate of the inflow of economic benefits. The probability of non-payment is not considered at initial recognition.

The non-payment of traffic fines is estimated at subsequent measurement with reference to historical data and payment trend analysis. An impairment loss is recognised in surplus and deficit.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting municipality.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Services in-kind are not recognised.

1.21 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.22 Borrowing costs

Borrowing costs are interest and other expenses incurred by the municipality in connection with the borrowing of funds.

With effect from 2014/ 2015 borrowing costs on qualifying assets are no longer capitalised but recognised as an expense in the period in which they are incurred.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.23 Employee benefits

Retirement benefits plans

The municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined contribution plans and defined-benefit plans.

Defined-contribution plans are post-employment benefit plans under which an municipality pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against the statement of financial performance in the year in which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans. The defined-benefit funds are actuarially valued based on the projected unit credit method. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities. The contributions and lump sum payments are charged against the statement of financial performance in the year in which they become payable.

Short-term and long-term employee benefits

Short term employee benefits encompasses all those benefits that become payable in the short term, i.e. within a financial year or within 12 months after the financial year. Therefore, short term employee benefits include remuneration, compensated absences and contractually agreed bonuses. No performance bonuses are paid by the municipality.

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service.

The municipality provides long-service awards to eligible employees, after completion of every five years' service and the liability thereof is based on an actuarial valuation. The projected unit credit method has been used to value the obligation.

Actuarial gains and losses on the long-term incentives are fully accounted for in the statement of financial performance.

Post-retirement healthcare aid plan

The municipality provides post-retirement benefits by subsidising the medical healthcare contributions of certain retired staff. According to the rules of the medical aid funds with which the municipality is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the municipality will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past, or accrued and future in-service element. The liability is recognised at the fair value of the obligation, together with any adjustments required. The projected unit credit method has been used to value the obligation. Refer to note 18.

Multi-employer plans

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

The municipality classifies a multi-employer plan as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined benefit plan, the municipality accounts for its proportionate share of the defined benefit obligation, plan, assets and costs associated with the plan in the same manner as for any other defined benefit plan. When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the municipality accounts for the plan as if it was a defined contribution plan.

1.24 Impairment of cash and non-cash generating assets

The municipality classifies its assets as non-cash generating assets as none of the assets on its own generates cash inflows or are held with the primary objective of generating a commercial return or profits. Although certain services realise surpluses these surpluses are used for cross subsidisation of services that operates at a deficit.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.24 Impairment of cash and non-cash generating assets (continued)

At the end of each reporting period, the carrying amounts of non-cash-generating assets are reviewed to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount or recoverable service amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable service amount of a non-cash-generating asset is the higher of fair value less costs to sell, and value-in-use. The value-in-use is the present value of the remaining service potential of the asset, and is determined using the most appropriate of the depreciated replacement cost, restoration cost or service units approach.

The discount rate used reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount or recoverable service amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount or recoverable service amount. An impairment loss is recognised immediately in surplus or deficit.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount or recoverable service amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.25 Impairment of specific assets

Property plant and equipment

The calculation in respect of the impairment of property, plant and equipment is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This was performed across all classes of property, plant and equipment.

Intangible assets

Intangible assets with indefinite useful lives as well as intangible assets not yet available for use are tested for impairment at the same time every year, as well as whenever there is an indication that the asset may be impaired

Investment property held at fair value

The investment property was not tested for impairment as the impairment is taken into account with determination of the fair value at reporting date.

Heritage assets

The calculation in respect of the impairment of heritage assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This was performed across all classes of heritage assets.

Trade receivables

The calculation in respect of the impairment of trade receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments. This was performed, as far possible, on individual debtor level and across all debtor classes

1.26 Recognition of material transactions

When the final accounts have been closed, any transaction that occurs in respect of a prior period, is considered by management individually and collectively for materiality and the annual financial statements are amended with transactions that are material in amount or by nature.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.27 Capital replacement reserve

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR in terms of a Council resolution. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The following provisions are set for the creation and utilisation of the CRR:

The cash which backs up the CRR is invested until it is utilised.

The cash may only be invested in accordance with the investment policy of the municipality. The interest earned on the CRR investment is recorded as part of total interest earned in the statement of financial performance.

The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for the maintenance of these items.

Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR, and the accumulated surplus is credited by a corresponding amount.

At the end of the financial year not less than 6% of the previous year's own revenue is transferred to the CRR in order to grow this reserve. The current year's contribution may only be utilised for financing of capital expenditure in the following year.

1.28 Self insurance reserve

The municipality has a self-insurance reserve to set aside amounts to offset potential losses or claims that cannot be insured externally, i.e. excess payments. The balance of the self-insurance reserve is ring-fenced within the accumulated surplus.

Claims not fully covered by external insurance are financed from the insurance reserve by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus.

This reserve is only set aside in the accounting records and is included in the accumulated surplus for annual financial statement purposes as it is not a reserve for funding as per section 18 of MFMA.

The balance of the self-insurance fund is fully cash backed and is invested in fixed and short-term call deposits.

1.29 Related parties

The municipality has used the disclosure requirements as per GRAP 20 – Related party disclosures to formulate its accounting policy.

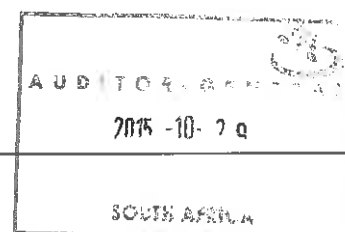
A related party is a person or an entity with the ability to control or jointly control the other party, or to exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Individuals as well as their close family members, and/or entities are therefore related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

Management is regarded as a related party and comprises the councillors, executive mayor, mayoral committee members, municipal manager, executive directors and all other managers reporting directly to the municipal manager or as designated by the municipal manager.

Close family members are regarded as those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality. A person is considered to be a close member of the family of another person if they are married or lives together in a relationship similar to a marriage, or is separated by no more than two degrees of natural or legal consanguinity or affinity.

The municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.30 Statutory receivables

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

Initial recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

Measurement

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- interest or other charges that may have accrued on the receivable;
- impairment losses; and
- amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flows estimates have not been adjusted.

An impairment loss recognised in prior periods for a receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance

De-recognition

The Municipality derecognise a statutory receivable when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the Municipality transfers to another party substantially all of the risk and rewards of ownership of the receivable; or
- the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

1.31 Capital Commitments

Capital commitments disclosed in the annual financial statements represents the contractual balance committed to capital projects on reporting date that will incurred in the period subsequent to the spesific reporting date.

1.32 Events after the reporting date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date)

If non-adjusting events after the reporting date are material, the Municipality disclose the nature and an estimate of the financial effect.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014 Restated*
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2. Cash and cash equivalents

Cash and cash equivalents consist of the following:

Cash on hand	22 710	18 211
Cash at bank	76 247 724	68 987 051
Short-term deposits	319 328 694	351 422 449
	<u>395 599 128</u>	<u>420 427 711</u>

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past nor impaired can be assessed by reference to external credit ratings, if available, or historical information.

Current Account (Primary Bank Account)

Standard Bank SA Ltd - 08290044

Cashbook balance at the beginning of the year	68 987 051	35 613 932
Cashbook balance at the end of the year	<u>76 247 724</u>	<u>68 987 051</u>
Bank statement balance at beginning of the year	68 525 192	36 246 498
Bank statement balance at the end of the year	<u>76 057 260</u>	<u>68 525 192</u>

Summary of investments (Section 125(2)(b) of the MFMA) Financial Institution

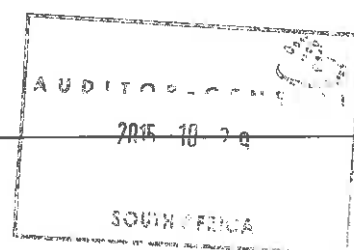
ABSA	98 070 921	107 926 893
First National Bank	30 599 795	45 845 912
Standard Bank	51 739 479	60 801 514
Nedbank	87 568 652	75 711 952
Investec	51 349 847	61 136 178
Total short term investments	<u>319 328 694</u>	<u>351 422 449</u>

The fair value has been determined by using the face value of the capital balance invested.

Short term deposits are invested with various banking institutions for a period between 1-12 months in accordance with the cash management and investment policy. This information is disclosed in terms of Section 125(2)(b) of the MFMA.

All unspent conditional grants and certain provisions and reserves, which are included in the short term investments above, have been ring-fenced and may not be utilised for any other purposes.

The different institutions have external credit ratings.



Saldanha Bay Municipality

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3. Inventories

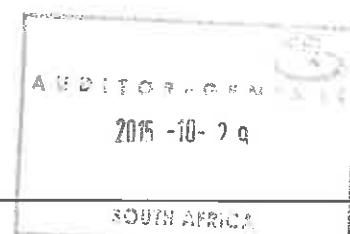
Closing balance of inventories

Consumable stores	9 425 085	9 318 410
Top structures not transferred	64 015	478 055
Water	373 888	317 825
	<u>9 862 988</u>	<u>10 114 290</u>
Carrying value of consumable stores and water carried at lower of cost and net realiseable value	9 798 973	9 636 235
Housing top structures carried at the lower of cost and current replacement cost	<u>64 015</u>	<u>478 055</u>

During the year stock issued from consumable stores amounted to R26 921 474 (2014: R26 139 669). An amount of R46 601 (2014: R145 760) for consumable stores were written off. R414 040 (2014: R4 196 078) for top structures and R 81 555 349 (2014: R85 118 830) for water services were expensed in the statement of financial performance.

4. Trade and other receivables from exchange transactions

2015	Gross balance	Provision for doubtful debt	Net balance
Trade receivables - services			
Electricity	30 019 362	(1 808 764)	28 210 598
Water	54 652 186	(29 331 120)	25 321 066
Sewerage	23 706 611	(16 773 017)	6 933 594
Refuse	22 695 598	(16 828 678)	5 866 920
	<u>131 073 757</u>	<u>(64 741 579)</u>	<u>66 332 178</u>
Other receivables			
Sundry debtors	6 372 483	(3 414 928)	2 957 555
Housing debtors	6 204 632	(6 204 632)	-
Other debtors	5 795 077	-	5 795 077
	<u>18 372 192</u>	<u>(9 619 560)</u>	<u>8 752 632</u>
	<u>149 445 949</u>	<u>(74 361 139)</u>	<u>75 084 810</u>



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4. Trade and other receivables from exchange transactions (continued)

2014 Restated*	Gross balance	Provision for doubtful debt	Net balance
Trade receivables - services			
Electricity	33 033 125	(2 176 083)	30 857 042
Water	53 056 251	(28 522 806)	24 533 445
Sewerage	22 422 285	(16 182 343)	6 239 942
Refuse	20 443 905	(15 228 127)	5 215 778
	<u>128 955 566</u>	<u>(62 109 359)</u>	<u>66 846 207</u>
Other receivables			
Sundry debtors	5 836 964	(3 413 168)	2 423 796
Housing debtors	10 808 168	(10 808 168)	-
Other debtors	5 562 178	-	5 562 178
	<u>22 207 310</u>	<u>(14 221 336)</u>	<u>7 985 974</u>
	<u>151 162 876</u>	<u>(76 330 695)</u>	<u>74 832 181</u>

Reconciliation of the debtors impairment provision

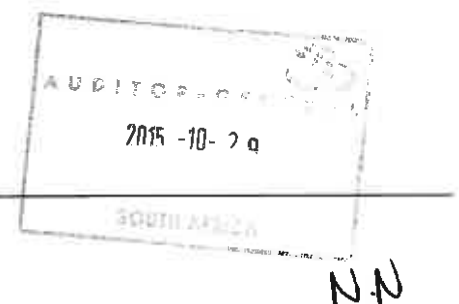
Balance at beginning of the year	(76 330 695)	(71 174 653)
Contributions to provision	(9 385 772)	(7 933 087)
Irrecoverable debtors written-off	11 355 328	2 430 937
Other movement	-	346 108
Balance at end of year	<u>(74 361 139)</u>	<u>(76 330 695)</u>

Gross balances

Electricity	30 019 362	33 033 125
Water	54 652 186	53 056 251
Sewerage	23 706 611	22 422 285
Refuse	22 695 598	20 443 905
Sundry debtors	6 372 483	5 836 964
Housing debtors	6 204 632	10 808 168
Other debtors	5 795 077	5 562 178
	<u>149 445 949</u>	<u>151 162 876</u>

Less: Allowance for impairment

Electricity	(1 808 764)	(2 176 083)
Water	(29 331 120)	(28 522 806)
Sewerage	(16 773 017)	(16 182 343)
Refuse	(16 828 678)	(15 228 127)
Sundry debtors	(3 414 928)	(3 413 168)
Housing debtors	(6 204 632)	(10 808 168)
	<u>(74 361 139)</u>	<u>(76 330 695)</u>



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4. Trade and other receivables from exchange transactions (continued)

Net balance

Electricity	28 210 598	30 857 042
Water	25 321 066	24 533 445
Sewerage	6 933 594	6 239 942
Refuse	5 866 920	5 215 778
Sundry debtors	2 957 555	2 423 796
Other debtors	5 795 077	5 562 178
	75 084 810	74 832 181

Summary by ageing

Electricity

Current (0 -30 days)	26 056 947	28 387 122
31 - 60 days	85 729	110 359
61 - 90 days	75 603	79 169
91 - 120 days	82 290	98 378
121 - 365 days	389 465	407 727
> 365 days	1 520 564	1 774 287
	28 210 598	30 857 042

Water

Current (0 -30 days)	10 474 739	10 249 338
31 - 60 days	410 645	443 684
61 - 90 days	375 681	393 856
91 - 120 days	375 835	346 992
121 - 365 days	2 328 098	2 579 969
> 365 days	11 356 068	10 519 606
	25 321 066	24 533 445

Sewerage

Current (0 -30 days)	1 065 469	954 186
31 - 60 days	174 550	158 498
61 - 90 days	156 984	139 255
91 - 120 days	147 849	133 795
121 - 365 days	1 126 020	1 105 770
> 365 days	4 262 722	3 748 438
	6 933 594	6 239 942

Refuse

Current (0 -30 days)	1 024 426	884 823
31 - 60 days	144 099	126 835
61 - 90 days	131 736	118 880
91 - 120 days	121 947	115 762
121 - 365 days	849 089	885 734
> 365 days	3 595 623	3 083 744
	5 866 920	5 215 778



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4. Trade and other receivables from exchange transactions (continued)

Sundries

Current (0 -30 days)	857 307	981 237
31 - 60 days	127 988	88 361
61 - 90 days	58 598	47 987
91 - 120 days	141 775	46 258
121 - 365 days	454 449	272 520
> 365 days	1 317 438	987 433
	2 957 555	2 423 796

Other Debtors

Current (0 -30 days)	5 795 077	5 562 178
----------------------	-----------	-----------

Ageing of debtors by customer classification

2015	Residential consumers	Industrial / Commercial	National and Provincial Government	Other debtors	Total
Current (0 -30 days)	45 365 102	7 838 688	1 327 205	5 795 077	60 326 072
31 - 60 days	2 181 090	532 028	19 503	-	2 732 621
61 - 90 days	1 874 632	431 046	8 985	-	2 314 663
91 - 120 days	1 834 116	552 635	9 028	-	2 395 779
121 - 365 days	12 190 997	3 244 972	1 084 755	-	16 520 724
> 365 days	55 295 361	8 854 578	1 006 151	-	65 156 090
Subtotal	118 741 298	21 453 947	3 455 627	5 795 077	149 445 949
Provision for doubtful debts	(61 466 650)	(11 105 676)	(1 788 813)	-	(74 361 139)
	57 274 648	10 348 271	1 666 814	5 795 077	75 084 810
2014	Residential consumers	Industrial / Commercial	National and Provincial Government	Other debtors	Total
Current (0 -30 days)	47 061 389	7 831 998	1 486 114	5 562 178	61 941 679
31 - 60 days	2 210 253	467 507	17 963	-	2 695 723
61 - 90 days	2 035 476	554 428	68 227	-	2 658 131
91 - 120 days	1 691 726	409 180	6 934	-	2 107 840
121 - 365 days	12 778 024	3 828 876	1 012 714	-	17 619 614
> 365 days	54 224 237	9 227 764	687 888	-	64 139 889
Subtotal	120 001 105	22 319 753	3 279 840	5 562 178	151 162 876
Provision for doubtful debts	(62 591 170)	(11 976 286)	(1 763 239)	-	(76 330 695)
	57 409 935	10 343 467	1 516 601	5 562 178	74 832 181

Credit quality of trade and other receivables from exchange transactions

The credit quality of consumer debtors that are neither past nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Fair value of trade and other receivables from exchange transactions

The fair value has been determined by deducting the impairment amount from the gross balance.

Trade and other receivables from exchange transactions

The fair value has been determined by using the face value of the outstanding capital.

75 084 810

74 832 181



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4. Trade and other receivables from exchange transactions (continued)

Trade and other receivables from exchange transactions impaired

The municipality calculated the payment trend of each client for the year, in order to ensure that trade and other receivables from exchange transaction are shown at fair value.

On 30 June 2015, trade and other receivables from exchange transactions of R74 361 139 (2014: R76 330 695) were impaired and provided for.

Irrecoverable debts of R11 355 329 (2014: R2 430 937) were written off during the year.

5. Trade and other receivables from non-exchange transactions

Total receivables from non-exchange transactions

2015

	Gross balances	Provision for doubtful debts	Net balance
Trade receivables - Property rates	39 275 011	(21 828 151)	17 446 860
Traffic fines and other receivables	2 735 062	(833 519)	1 901 543
Government grants	1 577 827	(1 577 827)	-
	43 587 900	(24 239 497)	19 348 403

2014

Restated*

	Gross balances	Provision for doubtful debts	Net balance
Trade receivables - Property rates	40 126 033	(23 415 313)	16 710 720
Traffic fines and other receivables	1 732 605	(369 161)	1 363 444
Government grants	6 422 943	(1 577 827)	4 845 116
	48 281 581	(25 362 301)	22 919 280



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5. Trade and other receivables from non-exchange transactions (continued)

Reconciliation of the debtors impairment provision

Balance at the beginning of the year	(25 362 301)	(20 262 793)
Contribution to provision	-	(5 201 993)
Irrecoverable debtors written-off	464 634	102 485
Reversal of provision	658 170	-
	<u>(24 239 497)</u>	<u>(25 362 301)</u>

Ageing of debtors by customer classification

2015	Traffic fines and other	Government Grants	Rates Residential	Rates Industrial / Commercial	Rates National and Provincial Government	Total
Current (0-30 days)	329 200	-	12 403 091	2 143 145	362 866	15 238 302
31 - 60 days	284 250	-	596 323	145 460	5 332	1 031 365
61 - 90 days	197 700	-	512 535	117 851	2 457	830 543
91 - 120 days	165 400	-	501 458	151 094	2 468	820 420
121 - 365 days	1 395 230	-	3 333 091	887 195	296 578	5 912 094
> 365 days	363 282	1 577 827	15 118 083	2 420 896	275 088	19 755 176
Subtotal	2 735 062	1 577 827	32 464 581	5 865 641	944 789	43 587 900
Provision for doubtful debts	(833 519)	(1 577 827)	(18 043 043)	(3 260 011)	(525 097)	(24 239 497)
	<u>1 901 543</u>	<u>-</u>	<u>14 421 538</u>	<u>2 605 630</u>	<u>419 692</u>	<u>19 348 403</u>
2014	Traffic fines and other	Government Grants	Rates Residential and other	Rates Industrial / Commercial	Rates National and Provincial Government	Total
Current (0-30 days)	851 845	-	12 329 723	2 209 277	419 208	15 810 053
31 - 60 days	57 650	-	623 476	131 876	5 067	818 069
61 - 90 days	88 580	-	574 174	156 395	19 246	838 395
91 - 120 days	53 900	-	477 208	115 423	1 956	648 487
121 - 365 days	680 630	-	3 604 469	1 080 063	285 670	5 650 832
> 365 days	-	6 422 943	15 295 761	2 602 999	194 042	24 515 745
Subtotal	1 732 605	6 422 943	32 904 811	6 296 033	925 189	48 281 581
Provision for doubtful debts	(369 161)	(1 577 827)	(19 298 421)	(3 589 433)	(527 459)	(25 362 301)
	<u>1 363 444</u>	<u>4 845 116</u>	<u>13 606 390</u>	<u>2 706 600</u>	<u>397 730</u>	<u>22 919 280</u>



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5. Trade and other receivables from non-exchange transactions (continued)

Credit quality of trade and other receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Trade and other receivables from non-exchange transactions

Summary by ageing - Property rates

Current (0-30 days)	4 270 153	3 739 810
31-30 Days	471 988	422 166
61-90 Days	387 954	579 141
91-120 Days	341 056	333 248
121-365 Days	3 193 992	3 448 127
+ 365 Days	8 781 717	8 188 228
	<u>17 446 860</u>	<u>16 710 720</u>

Fair value of trade and other receivables from non-exchange transactions

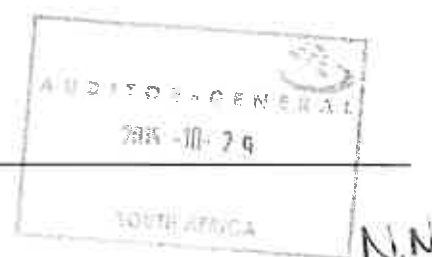
Trade and other receivables from non-exchange transactions	<u>19 348 403</u>	<u>22 919 280</u>
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The fair value has been determined by using the face value of the outstanding capital.

Trade and other receivables from non-exchange transactions impaired

The municipality calculated the payment trend of each client for the year, in order to ensure that receivables from non-exchange transactions are shown at fair value.

As of 30 June 2015, trade and other receivables from non-exchange transactions of R24 239 497 (2014: R25 362 301) were impaired and provided for. An amount of R464 634 (2014: R 102 485) was written off as irrecoverable.



Saldanha Bay Municipality

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Figures in Rand	2015	2014 Restated*
6. Prepayments		
Prepaid expenses	2 654 457	2 531 979
7. Operating leases		
Current assets	365 132	360 762
Current liabilities	(78 383)	(152 756)
	286 749	208 006

Operating leases - as lessee (expense)

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Minimum lease payments due		
- within one year	969 389	2 109 072
- in second to fifth year inclusive	401 242	1 111 511
	1 370 631	3 220 583

Operating lease payments represent rentals payable by the municipality for certain of its office properties. No contingent rent is payable.

Operating leases - as lessor (income)

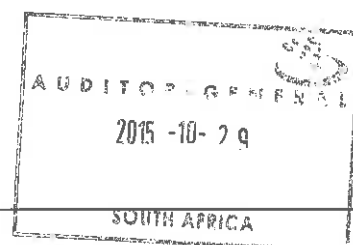
Minimum lease payments due		
- within one year	899 005	594 657
- in second to fifth year inclusive	1 224 226	543 091
- later than five years	92 635	257 041
	2 215 866	1 394 789

Operating leases consists of the following:
Rentals on the letting of premises.

8. VAT receivable

VAT receivable by the municipality	2 101 057	3 453 772
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VAT is payable on the payment basis. VAT is paid over to the SARS on a net basis only when actual payments are received by the municipality and when actual payments are made to suppliers. Where necessary, VAT was provided for on accruals and provisions.



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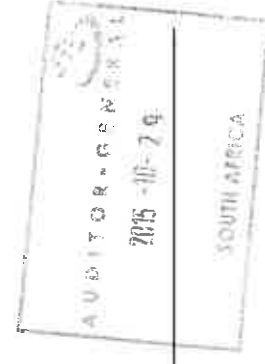
9. Property, plant and equipment

as at 30 June 2015

	Land	Buildings	Other Assets	Leasehold improvements	Infrastructure	Community	WIP	Total
Cost	458 989 427	205 961 216	302 281 012	1 768 426	2 501 495 424	67 053 259	156 481 479	3 694 030 243
Accumulated depreciation and impairment losses	-	(81 253 132)	(157 964 128)	(1 627 410)	(1 252 267 112)	(31 236 597)	-	(1 524 348 379)
Carrying Value	458 989 427	124 708 084	144 316 884	141 016	1 249 228 312	35 816 662	156 481 479	2 169 681 864

as at 30 June 2014

	Land	Buildings	Other Assets	Leasehold improvements	Infrastructure	Community	WIP	Total
Restated* Cost	444 355 027	194 824 853	224 951 182	1 815 713	2 443 719 825	62 182 879	104 440 156	3 476 289 635
Accumulated depreciation and impairment losses	-	(75 943 626)	(117 520 443)	(1 449 529)	(1 196 888 185)	(28 581 215)	-	(1 420 382 988)
Carrying Value	444 355 027	118 881 227	107 430 739	366 184	1 246 831 640	33 601 664	104 440 156	2 055 906 637



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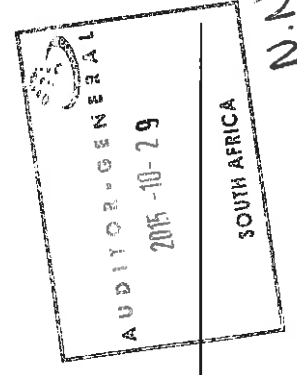
Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

as at 30 June 2015

	Land	Buildings	Other Assets	Leasehold improvements	Infrastructure	Community	WIP	Total
Cost	444 355 027	194 824 853	224 951 182	1 815 713	2 443 719 825	62 182 879	104 440 156	3 476 289 635
Accumulated depreciation and impairment losses	-	(75 943 626)	(117 520 443)	(1 449 529)	(1 196 888 165)	(28 581 215)	-	(1 420 382 998)
Net book value at 01 July 2014	444 355 027	118 881 227	107 430 739	366 184	1 246 831 640	33 601 664	104 440 156	2 055 906 637
Additions	15 573 000	9 749 660	77 697 047	-	29 933 160	4 823 007	86 144 538	223 920 412
Disposals and scrapings - cost	(938 600)	(888 000)	(2 554 924)	(979)	(1 775 927)	(21 375)	-	(6 179 805)
Disposals and scrapings - accumulated depreciation and impairment losses	-	293 829	1 830 020	977	1 775 927	21 375	-	3 922 128
Transfers	-	2 274 770	2 141 374	(42)	29 618 365	68 748	(34 103 215)	-
Depreciation	-	(5 602 457)	(41 264 545)	(225 124)	(57 025 566)	(2 676 757)	-	(106 794 449)
Impairment losses	-	(945)	(962 827)	-	(129 287)	-	-	(1 093 059)
Net book value at 30 June 2015	458 989 427	124 708 084	144 316 884	141 016	1 249 228 312	35 816 662	156 481 479	2 169 681 864
Made up as follows:								
Cost	458 989 427	205 961 216	302 281 012	1 768 426	2 501 495 424	67 053 259	156 481 479	3 694 030 243
Accumulated depreciation and impairment losses	-	(81 253 132)	(157 964 128)	(1 627 410)	(1 252 267 112)	(31 236 597)	-	(1 524 348 379)
	458 989 427	124 708 084	144 316 884	141 016	1 249 228 312	35 816 662	156 481 479	2 169 681 864



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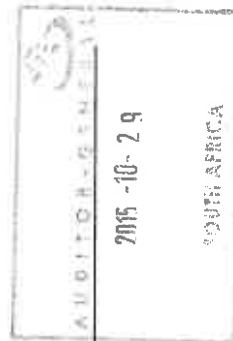
Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2014

	Land	Buildings	Other Assets	Leasehold improvements	Infrastructure	Community	WIP	Total
Opening balance								
Cost	444 460 027	191 274 754	193 730 080	1 853 377	2 365 992 985	60 907 629	85 707 076	3 343 925 928
Accumulated depreciation and impairment losses	-	(70 179 804)	(99 630 846)	(1 351 826)	(1 146 091 471)	(26 001 982)	-	(1 343 255 929)
Net book value at 01 July 2013	444 460 027	121 094 950	94 099 234	501 551	1 219 901 514	34 905 647	85 707 076	2 000 669 999
Additions	-	2 753 961	32 886 932	-	46 363 569	1 251 388	60 668 732	143 924 582
Additions through finance lease	-	-	-	107 899	-	-	-	107 899
Disposals and scrapings - cost	-	-	(1 811 393)	-	(9 752 380)	-	-	(11 563 773)
Disposals and scrapings - accumulated depreciation and impairment losses	-	-	1 611 165	-	9 752 380	-	-	11 363 545
Transfers	(105 000)	796 138	15 871	(15 871)	41 115 651	23 863	(41 935 652)	(105 000)
Depreciation	-	(5 659 460)	(19 076 151)	(227 266)	(56 275 433)	(2 579 234)	-	(83 817 544)
Impairment losses	-	(104 362)	(294 919)	(129)	(4 273 661)	-	-	(4 673 071)
Net book value at 30 June 2014	444 355 027	118 881 227	107 430 739	366 184	1 246 831 640	33 601 664	104 440 156	2 055 906 637
Made up as follows:								
Cost	444 355 027	194 824 853	224 951 182	1 815 713	2 443 719 825	62 182 879	104 440 156	3 476 289 635
Accumulated depreciation and impairment losses	-	(75 943 626)	(117 520 443)	(1 449 529)	(1 196 888 185)	(28 581 215)	-	(1 420 382 998)
	444 355 027	118 881 227	107 430 739	366 184	1 246 831 640	33 601 664	104 440 156	2 055 906 637

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9. Property, plant and equipment (continued)

Other information:

Work in progress is shown separately as required by GRAP 17.

Provision has been made for the estimated cost of rehabilitating landfill sites, included in other assets, as disclosed in note 19.

Infrastructure assets were tested for impairment during the year. The impairment losses charged to the statement of financial performance is R129 287 (2014: R4 273 661).

All moveable assets were reviewed for changes in useful life and conditions. This resulted in changes of accounting estimates which was applied prospectively. Refer to note 48.

All additions to infrastructure assets were unbundled.

Pledged as security

The municipality obtained a loan from Nedbank in the past with the condition that the assets purchased by way of this loan must be ceded to Nedbank until the loan has been repaid. This loan has been repaid in full on 30 June 2015. There are no other assets pledged as security for external borrowings.

The municipality has a finance lease which is secured by the lessor's charge over the leased asset. Refer note 17.

Borrowing costs capitalised

Borrowing costs capitalised in this period

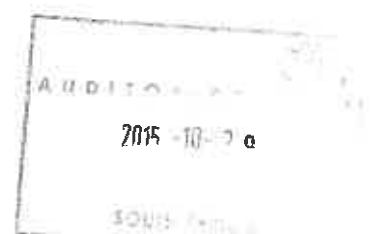
Property, plant and equipment		33 430
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Assets subject to finance lease (Net carrying amount)

Leased assets	141 016	366 184
---------------	---------	---------

Other information

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.



Saldanha Bay Municipality

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10. Intangible assets

	2015			2014 Restated*		
	Cost	Accumulated amortisation and accumulated impairment losses	Carrying value	Cost	Accumulated amortisation and accumulated impairment losses	Carrying value
Computer software, externally generated	8 857 519	(4 858 506)	3 999 013	7 041 357	(3 781 282)	3 260 075

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software, externally generated	3 260 075	1 820 705	-	(1 081 767)	3 999 013

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software, externally generated	2 968 572	1 681 661	(31 265)	(1 358 893)	3 260 075

Intangible assets have finite useful lives. The estimated remaining useful life is reviewed at each reporting period. The intangible assets have not been pledged as security.

11. Investment property

Figures in Rand

	2015	2014 Restated*
Investment property held at fair value	20 132 500	19 078 170
Opening balance	19 078 170	17 567 700
Transfers	-	105 000
Fair value adjustments	1 054 330	1 405 470
	20 132 500	19 078 170
Fair value of investment property	20 132 500	19 078 170

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality.

The date of the revaluations was on 30 June 2015. The valuation was performed by Igshaan Oosterwyk, an employee of Saldanha Bay Municipality. Igshaan Oosterwyk is a registered Professional Associated Valuer with the SA Council for Valuers Profession, registration number 5902, and member of the SA Institute of Valuers and have the appropriate experience in performing the valuation of the investment property.

The valuation for the land portion was based on adapted comparable sales and for the improvements there-on on depreciated replacement costs.

All assumptions used were based on current market conditions.

The investment property has not been pledged as security.



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12. Heritage assets

as at 30 June 2015	Cultural buildings	Antiques	Historical monuments	Historical buildings	Total
Cost	857 976	12 000	204 326	348 500	1 422 802
as at 30 June 2014	Cultural buildings	Antiques	Historical monuments	Historical buildings	Total
Restated*	857 976	12 000	204 326	348 500	1 422 802
Cost					

Reconciliation of heritage assets 2015

	Cultural buildings	Antiques	Historical buildings	Historical monuments	Total
Opening balance	857 976	12 000	348 500	204 326	1 422 802
Closing balance	857 976	12 000	348 500	204 326	1 422 802

Reconciliation of heritage assets 2014

	Cultural building	Antiques	Historical building	Historical monuments	Total
Opening balance	857 976	12 000	348 500	204 326	1 422 802
Closing balance	857 976	12 000	348 500	204 326	1 422 802

Figures in Rand

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Restated*

13. Payables from exchange transactions

Trade payables	56 605 969	57 864 406
Payments received in advance	5 218 166	3 578 958
Retentions	6 344 645	7 985 107
Other payables	675 048	336 325
Unidentified payments debtors	327 629	787 672
	<u>69 171 457</u>	<u>70 552 468</u>

14. Consumer deposits

Electricity	9 636 668	8 875 343
Water	5 789 254	5 354 771
Total	<u>15 425 922</u>	<u>14 230 114</u>
Guarantees held in lieu of electricity and water deposits	<u>4 423 031</u>	<u>2 662 396</u>



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15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent government grants	13 998 139	17 748 551
Unspent other grants and subsidies	968 177	976 177
Unspent Industrial Development Corporation grant	-	1 187 596
Unspent Transnet grant	6 347 746	-
Unspent Housing agent projects	7 668 086	-
	28 982 148	19 912 324

Movement during the year

Balance at the beginning of the year	19 912 324	14 645 144
Receipts during the year	74 730 085	72 602 748
Interest for the year	306 984	151 474
Income recognition during the year	(55 704 276)	(54 814 831)
Other conditions met during the year - agent	(10 262 969)	(12 672 211)
Balance unspent at end of the year	28 982 148	19 912 324

These unspent amounts are invested until utilised.

Expanded Public Works Program (EPWP)

Balance unspent at beginning of year	-	50 000
Current year receipts	1 086 000	1 554 000
Conditions met - transferred to revenue	(1 086 000)	(1 604 000)
	-	-

Financial Management Grant (FMG)

Current year receipts	1 450 000	1 300 000
Conditions met - transferred to revenue	(1 450 000)	(1 300 000)
	-	-

Municipal Infrastructure Grant (MIG)

Current year receipts	18 389 000	17 937 000
Conditions met - transferred to revenue	(18 389 000)	(17 937 000)
	-	-

Municipal Systems Improvement Grant (MSIG)

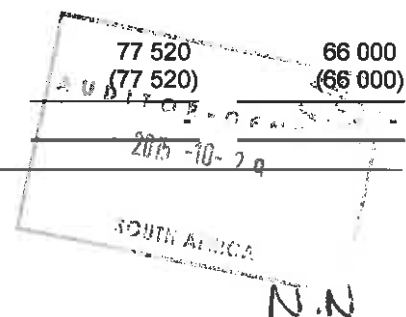
Current year receipts	934 000	890 000
Conditions met - transferred to revenue	(934 000)	(890 000)
	-	-

Other grants and subsidies

Balance unspent at beginning of year	976 178	1 156 400
Current year receipts	484 610	1 291 168
Conditions met - transferred to revenue	(492 610)	(1 471 390)
Conditions still to be met	968 178	976 178

Public Transport Infrastructure Grant (PTIS)

Current year receipts	77 520	66 000
Conditions met - transferred to revenue	(77 520)	(66 000)



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15. Unspent conditional grants and receipts (continued)

Human Settlement Development Grant

Balance unspent at beginning of year	11 078 025	11 157 810
Current year receipts	36 705 955	36 357 194
Current year receipts - agent	14 695 184	12 235 351
Services - capital projects	22 010 771	24 121 843
Conditions met	(32 609 094)	(36 436 979)
Conditions met - agent	(10 262 969)	(12 672 211)
Conditions met - transferred to revenue	-	(654 380)
Services - capital projects	(22 346 125)	(23 110 388)
Conditions still to be met	15 174 886	11 078 025

Sport and Recreation Grant

Balance unspent at beginning of year	1 244 915	1 199 099
Interest	78 987	45 816
Conditions still to be met	1 323 902	1 244 915

Industrial Development Corporation

Balance unspent at beginning of year	1 187 596	-
Current year receipts	-	1 754 386
Conditions met - transferred to revenue	(1 187 596)	(566 790)
Conditions still to be met	-	1 187 596

Provincial Library grant

Balance unspent at beginning of year	66 463	608 212
Current year receipts	3 828 000	653 000
Interest	-	21 121
Conditions met - transferred to revenue	(3 894 463)	(1 215 870)
Conditions still to be met	-	66 463

Saldanha Bay Wireless Mesh

Balance unspent at beginning of year	2 884 537	-
Current year receipts	-	2 800 000
Interest	201 340	84 537
Conditions still to be met	3 085 877	2 884 537

Transnet Donation

Current year receipts	8 000 000	-
Conditions met - transferred to revenue	(1 652 255)	-
Conditions still to be met	6 347 745	-

Compliance Management system

Current year receipts	75 000	-
Conditions met - transferred to revenue	(75 000)	-
Conditions still to be met	-	-



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15. Unspent conditional grants and receipts (continued)

Financial management support grant

Current year receipts

1 700 000

Interest

26 657

Conditions still to be met

1 726 657

Integrated electrification programme

Current year receipts

2 000 000

Conditions met - transferred to revenue

(2 000 000)

Contribution towards the acceleration of housing delivery

Balance unspent at beginning of year

2 474 610

Current year receipts

-

Conditions met - transferred to revenue

(2 119 707)

Conditions still to be met

354 903

473 623

8 000 000

(5 999 013)

2 474 610

16. Borrowings

At amortised cost

Total borrowings

42 549 178

53 595 705

Balance beginning of the year

53 595 705

Loans redeemed

(11 046 527)

Balance at year end

42 549 178

65 463 191

(11 867 486)

53 595 705

Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

Non-current liabilities

Borrowings

35 117 096

42 950 390

Current liabilities

Borrowings

7 432 082

10 645 315

Pledged as security

The municipality obtained a loan from Nedbank in the past with the condition that the assets purchased by way of this loan must be ceded to Nedbank until the loan has been repaid. This loan has been repaid in full on 30 June 2015. There are no other assets pledged as security for external borrowings.

Long term borrowings are repaid over periods varying from 10 to 28 years (2014: 10 to 28 years) and at interest rates varying from 6.75% to 12.95% (2014: 6.75% to 12.95%) per annum.

The fair value of the long term liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.



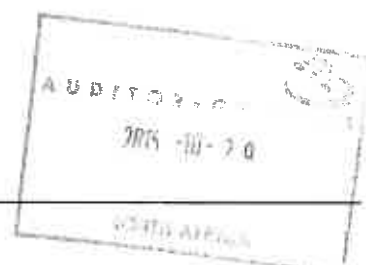
Saldanha Bay Municipality

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17. Finance lease obligation		
Minimum lease payments due		
- within one year	351 498	471 121
- in second to fifth year inclusive	-	349 919
	<u>351 498</u>	<u>821 040</u>
Less: future finance charges	(11 464)	(54 364)
	<u>340 034</u>	<u>766 676</u>
Present value of minimum lease payments due		
- within one year	340 034	427 553
- in second to fifth year inclusive	-	339 123
	<u>340 034</u>	<u>766 676</u>
Non-current liabilities	-	339 123
Current liabilities	340 034	427 553
	<u>340 034</u>	<u>766 676</u>

The term period pertaining to this lease is 5 years. Interest rates are linked to the prime interest rate at the contract date. The lease has fixed repayments and no arrangements has been entered into for contingent rent. The municipality obligation under the finance lease is secured by the lessor's charge over the leased asset.



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18. Employee benefit obligation

Total employee benefit obligation liability

Present value of post retirement healthcare benefits

86 588 882

75 076 000

Present value of long service awards

13 569 075

13 513 000

Staff leave and bonuses

20 086 861

17 849 325

120 244 818

106 438 325

The liability is split between:

Non-current liabilities

Present value of the post retirement healthcare benefits

84 016 418

72 321 000

Present value of the long service awards

12 652 422

12 251 000

96 668 840

84 572 000

Current liabilities

Present value of the post retirement healthcare benefits

2 572 464

2 755 000

Present value of the long service awards

916 653

1 262 000

Present value of the staff leave and bonuses

20 086 861

17 849 325

23 575 978

21 866 325

The actuarial valuation was performed by Chanan Weiss from ARCH Actuarial Consulting CC (Registration 1998/023194/23). ARCH Actuarial Consulting CC is not connected to the municipality.

Reconciliation of employee benefit obligations

18.1 Post retirement healthcare benefit

Defined benefit plan

Present value of the defined benefit obligation

86 588 882

75 076 000

Non-current liabilities

84 016 418

72 321 000

Current liabilities

2 572 464

2 755 000

86 588 882

75 076 000

Changes in the present value of the defined benefit obligation:

Opening balance

75 076 000

68 404 526

Benefits paid

(2 617 091)

(2 372 421)

Net expense recognised in the statement of financial performance

14 129 973

9 043 895

Closing balance

86 588 882

75 076 000

Net expense recognised in the statement of financial performance:

Employee cost

7 375 972

3 197 712

Finance cost

6 754 000

5 846 183

14 129 972

9 043 895

Net expense recognised in the statement of financial performance:

Current service cost

3 456 091

3 004 237

Finance cost

6 754 000

5 846 183

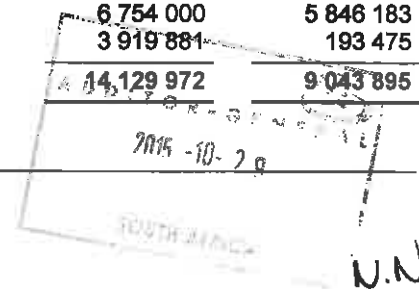
Actuarial loss

3 919 881

193 475

14 129 972

9 043 895



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18. Employee benefit obligation (continued)

The post retirement medical healthcare benefit is a defined benefit plan and consists of the fixed contribution percentage that is paid to various medical aid plans by the municipality consisting of LA Health, Key Health, Bonitas, Fed Health, Samwumed and Hosmed.

The employees of Saldanha bay municipality and their dependants are currently entitled to a subsidy of 70% of the medical scheme contributions after they retire or in the case of death. This percentage is reduced if an employee did not complete a required number of service before retirement. Widow(er)s and orphans of in-service members are entitled to a subsidy of 60% of the contribution payable. Upon a member's death-in retirement, the surviving dependants will continue to receive the same benefits.

Key assumptions used for the post retirement healthcare benefit

Discount rate

An appropriate discount rate was used to determine the present value of the future medical aid contributions payable by the municipality. The discount rate together with the assumed rate of medical scheme contribution inflation has the largest effect on the calculated liability. The discount rate was set as the yield on the R209 South African bond as at the valuation date. The medical aid inflation rate was set with reference to the past relationship between CPI and medical aid contribution rate inflation.

	2015	2014
<u>Financial variables</u>		
Discount rate	8.77%	8.94%
CPI	6.48%	7.05%
Medical aid contribution inflation	7.98%	8.05%
Net effective discount rate	0.73%	0.82%

Withdrawals

Allowance was made for the withdrawals of existing members and the assumed withdrawal rates as listed below:

Age	Females	Males
20-24	24%	16%
25-29	18%	12%
30-34	15%	10%
35-39	10%	8%
40-44	6%	6%
45-49	4%	4%
50-54	2%	2%
55-59	1%	1%
60+	0%	0%

Retirement age

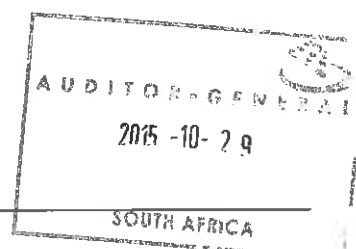
The average retirement age was assumed to be 63 years. The normal retirement age is 65 years.

Mortality rates

The data as per the SA85-90 mortality tables were used for in-service employees. Mortality for post-employment employees has been based on the PA (90) ultimate mortality tables.

Spouses and dependants

It is assumed that the marital status of members who are currently married will remain the same up to retirement. It was also assumed that 90% of all single employees would be married at retirement with no dependent children. It was also assumed that female spouses would be five years younger than their male spouses at retirement.



Saldanha Bay Municipality

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18. Employee benefit obligation (continued)

Other assumptions

Assumed healthcare cost trends have a significant effect on amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effect:

Healthcare benefits	One percentage point Increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	R 12 074 000	R 8 532 000
Effect on defined benefit obligation	R 101 506 000	R 74 586 000

The present value of the obligation for the current and for the previous four periods are as follows:

	2015	2014	2013	2012	2011
Healthcare benefit obligation	R 86 589 000	R 75 076 000	R 68 405 000	R 61 122 000	R 56 719 000

Employer's best estimate of contributions expected to be paid in respect of the healthcare benefit obligation

	2016	2017
Estimated contribution	R 5 307 700	R 5 773 033

18.2 Long service awards

Other long term employee benefit obligation

Present value of the liability	13 569 075	13 513 000
Non-current liabilities	12 652 422	12 251 000
Current liabilities	916 653	1 262 000
	<u>13 569 075</u>	<u>13 513 000</u>

Changes in the present value of the liability:

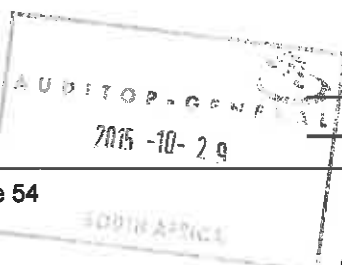
Opening balance	13 513 000	11 521 000
Benefits paid	(1 182 601)	(702 360)
Net expense recognised in the statement of financial performance	<u>1 238 676</u>	<u>2 694 360</u>
Closing balance	<u>13 569 075</u>	<u>13 513 000</u>

Summary of net expense recognised in the statement of financial performance:

Employee cost	138 676	1 834 360
Finance cost	<u>1 100 000</u>	<u>860 000</u>
	<u>1 238 676</u>	<u>2 694 360</u>

Net expense recognised in the statement of financial performance:

Current service cost	1 204 601	1 150 000
Finance cost	1 100 000	860 000
Actuarial losses (gain)	<u>(1 065 925)</u>	<u>684 360</u>
	<u>1 238 676</u>	<u>2 694 360</u>



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18. Employee benefit obligation (continued)

The long-service award is payable after every 5 years of continuous service. The long service award provision is an estimate of the liability based on the current staff turnover. All permanent employees are entitled to a specified number of days additional leave plus additional remuneration based on their completed years of service. The employee may convert the additional leave into a cash amount. At the end of 30 June 2015 the total number of employees were 997 (2014: 991)

Key assumptions used for the long service awards

Discount rate

GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the liabilities should be used. Consequently, a discount rate of 8.07% per annum has been used. This is derived by using a liability- weighted average of the yields corresponding to the average term until payment of long service awards, for each employee. The corresponding liability- weighted index-linked yield is 1.32%. These rates do not reflect any adjustment for taxation. These rates were deducted from the Johannesburg Stock Exchange Zero Coupon bond yield after the market close in 1 June 2015.

	2015	2014
Financial variables		
Discount rate	8.07%	7.96%
Consumer price inflation	6.17%	6.33%
Normal salary increase rate	7.17%	7.33%
Net effective discount rate	0.84%	0.59%

Normal salary inflation rate

The assumed rate of salary inflation was set as the expected future CPI plus 1%. In addition to the normal salary inflation rate, the following promotional salary increases were assumed:

Age	Promotional increase
20 - 24	5%
25 - 29	4%
30 - 34	3%
35 - 39	2%
40 - 44	1%
45 and over	0%

Retirement age

The average retirement age was assumed to be 63 years. The normal retirement age is 65 years. These assumptions implicitly makes an allowance for expected rates of early and ill-health retirement.

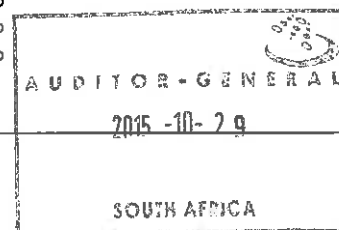
Mortality rates

The data as per the SA85-90 mortality tables were used.

Withdrawal

The assumed rates of withdrawal from service is set out below:

Age	Females	Males
20-24	24%	16%
25-29	18%	12%
30-34	15%	10%
35-39	10%	8%
40-44	6%	6%
45-49	4%	4%
50-54	2%	2%
55-59	1%	1%
60+	0%	0%



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18. Employee benefit obligation (continued)

Other assumptions

The assumed general salary inflation rate cost trends have a significant effect on amounts recognised in surplus or deficit. A one percentage point change in assumed long service benefit obligation cost trends rates would have the following effect:

Long service benefit obligation	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	R 2 631 000	R 2 167 000
Effect on defined benefit obligation	R 14 674 000	R 12 585 000

The present value of the obligation for the current and for the previous two periods are as follows:

	2015	2014	2013
Long service benefit obligation	R 13 569 075	R 13 513 000	R 11 521 000

Employer's best estimate of contributions expected to be paid in respect of the long service benefit obligation

	2016	2017
Estimated contribution	R 1 303 888	R 1 409 117

18.3 Staff leave

Staff leave reconciliation

Opening balance	11 533 460	10 804 731
Paid	(1 099 012)	(1 434 745)
Net expense recognised in the statement of financial performance	2 637 022	2 163 473
Closing balance	13 071 470	11 533 459

18.4 Bonuses

Bonuses reconciliation

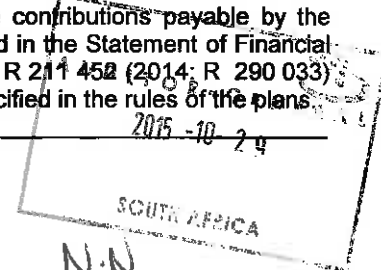
Opening balance	6 315 866	5 966 969
Paid	(6 315 866)	(5 966 969)
Net expense recognised in the statement of financial performance	7 015 391	6 315 866
Closing balance	7 015 391	6 315 866

18.5 Multi employer plans

Retirement benefit information

The Municipality makes provision for post-retirement benefits to eligible councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

The only obligation for the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions. The total expense recognised in the Statement of Financial Performance for employees comprises R 25 021 181 (2014: R 23 015 302) and councillors of R 211 452 (2014: R 290 033) respectively and represents contributions payable to these plans by the municipality at rates specified in the rules of the plans.



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18. Employee benefit obligation (continued)

These schemes are subject to a tri-annual, bi-annual or annual actuarial valuation as set out hereunder.

Defined benefit scheme

The contribution rate payable under the defined benefit section is 27%, 9% by members and 18% (period 30 June 2009 - 31 January 2012) and 23.06 % (period 1 February 2012 - 30 June 2014) by their councils. The actuarial valuation report at 30 June 2014 disclosed an actuarial valuation amounting to R3,631,518,000 (30 June 2013 : R3,226,863,000), with a net accumulated surplus of R23,343,000 (2013 : R10,030,000 (deficit)), with a funding level of 104.4% (30 June 2013 : 99.7%).

Defined Contribution Scheme

The actuarial valuation report at 30 June 2014 indicated that the defined contribution scheme of the fund is in a sound financial position, with assets amounting to R566,689,000 (30 June 2013 : R483,618,000), net investment reserve of R0 (30 June 2013 : R787,000) and a funding level of 100% (2012 : 99.8%).

The actuary concluded that :

The Pensioner Account has a surplus of R127.3 million and a funding level of 106.2% as at 30 June 2014. The surplus in the Pensioner Account at the valuation date is sufficient to increase the pension increase target from 60% to 70% of price inflation. However, caution is advisable given lower investment returns after the valuation date.

The balance of the DB Section for DB active members has a surplus of R23.3 million and a funding level of 101.7% as at 30 June 2014.

The DC Section has a funding level of 100.0% and no surplus.

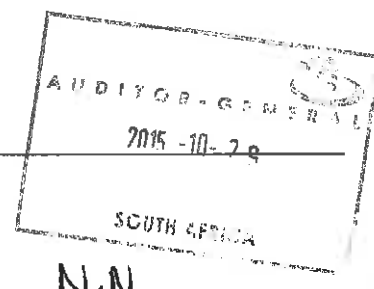
There is a future service contribution rate shortfall of 8.98% of salary in respect of the 32 remaining DB active members after the transfer of DB active members to the DC Section.

The Trustees granted a pension increase of 5% effective 1 January 2015 and a bonus of 50% of monthly pension payable in December 2014. Pro-rata pension increases and a bonus applies for pensions in payment for less than one year. The pension increase and bonus are affordable given the healthy funding level of the Pensioner Account and the excellent investment returns achieved over the last three years.

The actuary certified that the Fund is in a sound financial condition as at 30 June 2014. The nature of the assets is suitable for the Fund and the Fund's investment strategy is suitable, except that the proportion of direct property underlying the pensioner liabilities may represent an over-concentration of assets in this asset class. Furthermore the assets are appropriately matched relative to the term and nature of the liabilities and the risk benefits for the remaining active members of the DB Section are partially re-insured. This may result in volatile death benefit experience for the Fund. It would be more appropriate to re-insure the full value of these death benefits. Finally the risk benefits of the DC Section are fully re-insured and this is appropriate for the size and nature of the Fund.

Consolidated retirement fund:

The statutory valuation performed as at 30 June 2014 revealed that the assets of the fund amounted to R17,172,854,000 (30 June 2013: R13,607,813,000), with funding levels of 112.6% and 99.9% (30 June 2013 100.2% and 105.1%) for the Share Account and the Pensions Account respectively. The Preservation Pension Account yielded a surplus of R0 and was 100% funded for both 2014 & 2013. The contribution rate paid by the members is (7,50%/9%) and the municipalities (19,50%/18%) are sufficient to fund the benefits accruing from the fund in the future. The actuary certified that the structure of the assets is appropriate relative to the nature of the liabilities given normal circumstances and that the Fund is in a sound financial condition as at the valuation date. The municipality has 731 employees that are members of this fund as at 30 June 2015.



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18. Employee benefit obligation (continued)

South African Municipal Workers Union National provident fund:

The SAMWU National Provident Fund is a defined contribution scheme. Members contribute at a rate of not less than 7.5% of salaries, as required by the Rules. The employers contribute at a total rate of not less than 18%. The statutory valuation performed as at 30 June 2008 revealed that the assets of the fund amounted to R2,455,947,000 (30 June 2005 : R1,511,461,000), with funding levels of 100% (30 June 2005: 100%). The investment smoothing reserve has increased from 1.2% of the market value of assets (or 1.25% of members' Fund Credits) at the previous valuation date to 4.6% of the market value of assets (or 5.5% of members' Fund Credits) at the current valuation date. The actuary certified that based on the 2011 valuation the Fund's assets are sufficient to cover the members' Fund Credits and Risk Benefits Reserve and to provide for an investment smoothing reserve of 5.5% of members' Fund Credits as at 30 June 2011. In addition, there is a substantial surplus of some R413 million. The Fund is therefore in a very sound financial position. The municipality has 232 employees that are members of this fund as at 30 June 2015.

The Municipal Councillors Pension Fund:

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The statutory valuation performed as at 30 June 2012 revealed that the assets of the fund amounted to R1,183,539,452 (30 June 2009 : R1,123,672,020), with funding levels of 100% (30 June 2009: 100%). The contribution rate paid by the members (13,75 %) and council (15 %) is sufficient to fund the benefits accruing from the fund in the future. The Actuary certified that the Fund has a funding level of 99.5% as at the 30 June 2012 and is therefore technically not financially sound. However they regarded the deficit of R6,407,706 made as relatively insignificant in the context of the Fund. The municipality has 5 councillors that are members of this fund.

Cape Joint Pension Fund:

The Cape Joint Pension Fund operates both as a defined benefit and defined contribution scheme. The municipality has 13 employees that are members of this fund as at 30 June 2015.

19. Provisions

Environmental rehabilitation provision

Provision for rehabilitation of landfill sites	94 957 598	54 812 328
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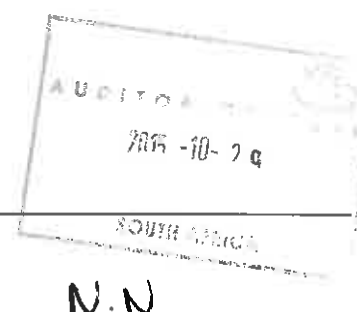
Reconciliation of provisions - 2015

	Opening Balance	Additions	Utilised during the year	Closing balance
Provision for rehabilitation of landfill sites	54 812 328	40 593 107	(447 837)	94 957 598

Reconciliation of provisions - 2014

	Opening Balance	Additions	Utilised during the year	Closing balance
Provision for rehabilitation of landfill sites	54 244 382	567 946	-	54 812 328

There are 5 sites under consideration, being the Vredenburg landfill, Langebaan landfill, Saldanha (Kalkrug) landfill and two landfill sites in Hopefield. A reconciliation of the environmental rehabilitation provision for these sites is provided below.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

19. Provisions (continued)

	Date of proposed rehabilitation	2015	2014 Restated*
Langebaan	30 June 2017	30 530 223	10 311 555
Vredenburg	28 February 2017	48 152 660	39 568 511
Hopefield (1)	30 June 2019	3 573 068	1 568 911
Hopefield (2)	30 June 2019	4 017 644	1 660 093
Kalkrug	30 June 2019	8 684 003	1 703 258
		94 957 598	54 812 328

The estimation of the liability to rehabilitate the landfill sites was performed by Jan Palm Consulting Engineering CC, a firm of specialist waste management consultants. The firm is registered with the South African Council of Engineers (registration no 870047). Jan Palm Consulting Engineering cc is not connected to the municipality.

An appropriate discount rate, based on CPI was used to determine the present value of the future environmental rehabilitation liability.

The funds to rehabilitate these landfill sites are included in the short term investments. The funds are ring-fenced to ensure that this liability is cash-backed.

20. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus - 2015

	Capital replacement reserve	Insurance reserve	Housing development fund	Total
Opening balance	205 006 980	2 189 585	11 901 623	219 098 188
Transfer to capital replacement reserve	42 747 839	-	-	42 747 839
Property, plant and equipment purchases	(176 268 602)	-	(9 258 688)	(185 527 290)
Contribution to insurance reserve	-	500 000	-	500 000
Interest	-	-	507 605	507 605
	71 486 217	2 689 585	3 150 540	77 326 342

Ring-fenced internal funds and reserves within accumulated surplus - 2014

	Capital replacement reserve	Insurance reserve	Housing development fund	Total
Opening balance	222 496 371	1 689 584	18 175 697	242 361 652
Transfer to capital replacement reserve	77 888 677	-	-	77 888 677
Property, plant and equipment purchases	(95 378 068)	-	(5 220 253)	(100 598 321)
Contribution to insurance reserve	-	500 001	-	500 001
Interest	-	-	847 660	847 660
Housing operating account transactions	-	-	(1 901 481)	(1 901 481)
	205 006 980	2 189 585	11 901 623	219 098 188

The ring-fenced reserves above are represented by cash and bank. These reserves are not invested in separate bank accounts. The balance of each of the above reserves is included in short term deposits, included under cash and cash equivalents. Refer to Note 2.

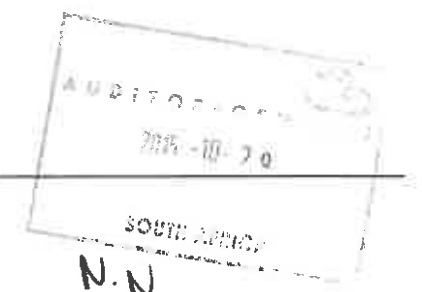


Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014 Restated*
21. Service charges		
Sale of electricity	251 464 194	240 474 868
Sale of water	117 265 548	104 466 735
Refuse removal	51 417 334	45 322 917
Sewerage and sanitation charges	49 274 255	45 072 249
Revenue forgone	(27 593 886)	(19 157 610)
	441 827 445	416 179 159
22. Rental of facilities and equipment		
Rental of facilities	12 395 606	11 257 912
23. Interest earned - external investments		
Interest revenue		
SARS	322 366	254 691
Attorneys monies in trust	149 451	-
Banking institutions	28 594 297	24 503 564
	29 066 114	24 758 255
24. Interest earned - outstanding receivables		
Interest earned - outstanding receivables	6 008 186	5 846 029
25. Income from agency services		
Commision: Vehicle licences	4 010 554	3 404 297
26. Licences and permits		
Licences and permits	1 230 370	1 242 754



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

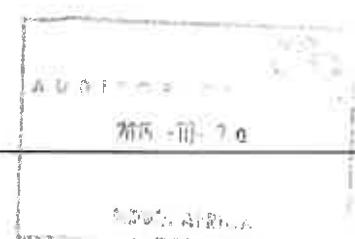
Figures in Rand

2015

2014
Restated*

27. Other income from exchange transactions

Administrative fees	49 619	28 288
Building plan fees	2 378 999	2 015 382
Bad debt recovered	549 803	287 644
Blocked sewers	699	2 820
Bursaries refunded	41 217	22 203
Capital contributions	5 457 883	2 126 545
Cemetery fees	552 770	381 685
Cleaning of open spaces	170 410	-
Clearing certificates	328 363	166 124
Encroachment fees	234 079	97 844
Garden refuse removals	136 084	37 693
Insurance claims	839 912	255 593
Land use planning	204 332	217 897
Legal fees	300 225	407 256
Photocopies and faxes	59 016	55 234
Refuse dump fees	190 091	8 763
Roadworthy certificates	72 979	72 721
Sundry income	2 113 071	617 038
Telephones officials	80 039	102 573
Tender documents	4 482	11 773
Testing of meters	4 194	1 578
Trade union representative	156 220	132 850
Unclaimed monies	943 633	718 942
	<u>14 868 120</u>	<u>7 768 446</u>



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Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

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2015

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28. Property rates

Property rates	160 435 723	149 970 654
Building clause levy	68 029	57 928
Revenue forgone	(9 646 565)	(8 034 190)
	<u>150 857 187</u>	<u>141 994 392</u>

Valuations

Residential	18 302 017 672	17 716 933 258
Business/Commercial	3 608 987 415	3 835 990 566
State	1 367 914 400	1 263 613 200
Municipal	547 077 312	499 860 350
Small holdings and farms	2 085 641 150	2 192 863 850
Other	327 456 200	391 255 712
Total property valuations	<u>26 239 094 149</u>	<u>25 900 516 936</u>

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

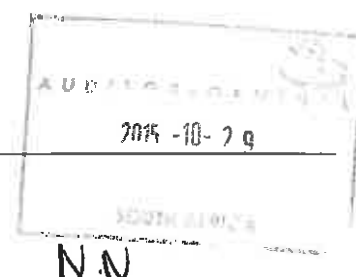
A residential rate of 0.5945 cents in the rand (2014: 0.5505 cents in the rand) was used to determine assessment rates on categories based on the following ratios:

Residential property	1:1
Small holdings	1:0.95
Residential property	1:0.30
Agricultural property	1:0.10
Public service infrastructure property	1:0.25
Public benefit organisation property	1:0.25
Other property	1:2

Rates are levied on an annual or monthly basis. Interest at prime +1% per annum (2014:prime + 1%) is levied on rates outstanding after the due date for payment.

29. Interest earned - outstanding property rates receivables

Interest earned: Outstanding property rates	<u>2 859 560</u>	<u>2 837 025</u>
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Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014 Restated*
30. Government grants and subsidies		
Operating grants		
Equitable share	46 415 000	38 632 000
Expanded Public Works Programme Grant (EPWP)	1 014 939	1 000 000
Financial Management Grant (FMG)	1 372 150	1 300 000
Municipal Infrastructure Grant (MIG)	919 453	896 850
Municipal Systems Improvement Grant (MSIG)	903 341	772 011
Public Transport Infrastructure Grant (PTIS)	77 520	66 000
SETA - Skills Development Grant	449 634	487 543
Library Grant	3 719 071	652 600
Thusong Centre	-	330 052
Other operating government grants and subsidies	1 270 597	1 049 715
Housing topstructures	-	1 665 769
Community Development Workers Grant (CDW)	34 667	49 200
	<u>56 176 372</u>	<u>46 901 740</u>
Capital grants		
Capital Government Grants and Subsidies	38 961 823	43 935 371
	<u>95 138 195</u>	<u>90 837 111</u>
Unconditional grant		
Unconditional grants received	<u>46 415 000</u>	<u>38 632 000</u>

Equitable Share

In order to qualify for a 100% indigent subsidy, the qualifying income for a household must be R4 300 or less per month. The income limits for seasonal workers will be calculated over a period of one year. The second category is based on an income of R5 350 per month, such households will receive an indigent subsidy of 70% of the abovementioned category.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, (Act No. 10 of 2014), no significant changes in the level government grant funding are expected over the forthcoming 3 financial years.

31. Fines

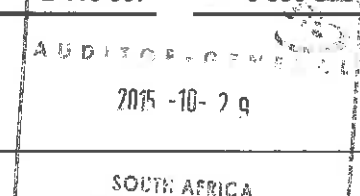
Building inspections, library books and traffic fines	<u>3 610 043</u>	<u>1 999 737</u>
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Key assumptions made with the recognition of revenue on traffic fines:

Revenue from cash receipts of traffic fines for the year is reduced with the total prior year traffic fines outstanding, as the assumption is made that all traffic fines issued in the prior year were paid for in the current year. This adjustment is made in order to account for revenue which is earned in the current year only.

32. Other income from non-exchange transactions

VAT on DORA grants	2 135 967	2 046 411
Legal fees refunded	-	786 295
Donated assets	282 090	557 669
	<u>2 418 057</u>	<u>3 390 375</u>



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014 Restated*
33. Employee related costs		
Acting allowances	1 579 473	1 326 206
Bargaining council levy	78 834	73 807
Basic salaries	147 391 876	137 368 601
Bonuses	11 566 592	10 700 923
Employers contributions: Defined contribution plans	25 021 181	23 015 302
Employers contributions: Group life insurance	2 498 673	2 270 394
Employers contributions: Health care	8 091 963	7 344 304
Employers contributions: UIF	1 351 109	1 285 593
Employers contributions: WCA	1 617 288	1 635 139
Expense: Post retirements healthcare benefits	7 375 971	3 197 712
Housing allowance	963 426	861 900
Long-service awards	138 676	1 834 360
Municipal staff: Leave Gratuity	2 637 022	2 163 473
Other allowances	101 558	221 267
Overtime	13 515 564	13 127 475
Scarcity allowance municipal staff	83 725	78 403
SDL	1 892 733	1 773 638
Standby allowance municipal staff	5 095 766	4 609 269
Traveling allowance	11 967 104	9 268 375
Telephone allowance	936 016	620 363
Less: Employee costs capitalised to PPE	(1 110 053)	(2 523 166)
Total	242 794 497	220 253 338

The remuneration of staff is within the upper limits of the SALGA bargaining council determinations.

34. Remuneration of councillors

Traveling allowances	1 035 857	1 024 414
Basic salaries	6 265 185	5 999 634
Healthcare contributions	64 404	62 265
Housing benefits and allowances	462 498	404 094
Pension contributions	211 452	290 033
SDL	80 800	76 152
Telephone cost	521 700	511 433
Total	8 641 896	8 368 025

The remuneration of political office bearers and councillors are within the upper limits as determined by the framework envisage in section 219 of the Constitution. Refer to note 55 for the break

35. Depreciation, amortisation and impairment losses

Property, plant and equipment	107 887 508	88 490 615
Intangible assets	1 081 767	1 358 893
	108 969 275	89 849 508

36. Finance costs

Provision for the rehabilitation of landfill site	2 313 082	567 946
Borrowings	5 257 466	6 428 801
Unspent conditional grants	306 986	167 693
Employee benefit obligation	7 854 000	6 706 183
Borrowing cost capitalised		(33 430)
Finance leases	47 686	74 150
	15 779 220	13 911 343

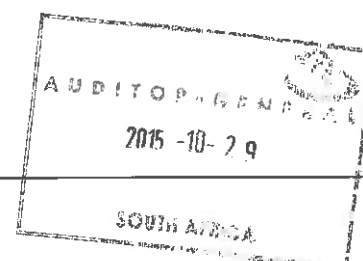
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Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014 Restated*
37. Debt impairment		
Impairment - Trade and other receivables from exchange transactions	8 949 871	6 338 209
Impairment - Trade and other receivables from non-exchange transactions	(658 170)	6 046 480
	<u>8 291 701</u>	<u>12 384 689</u>
38. Bulk purchases		
Electricity	176 468 653	165 251 074
Water	59 513 723	55 837 886
	<u>235 982 376</u>	<u>221 088 960</u>
39. Contracted services		
Commission and management fee - Itron	<u>3 542 274</u>	<u>3 041 217</u>
40. Transfers and subsidies		
Other subsidies		
Saldanha Bay Tourism Organisation	<u>2 109 639</u>	<u>2 001 550</u>



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand

2015

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Restated*

41. General expenses

Advertising	1 019 758	849 500
Audit fees	4 208 029	4 160 020
Bank charges	2 213 871	1 833 089
Bursaries	447 259	519 978
Commission paid	60 984	-
Conferences and delegations	205 591	179 235
Digging and expansion of graves	411 315	363 914
Entertainment	339 700	298 280
Environmental awareness	531 215	108 683
Eskom	2 606 952	2 357 287
External toilet project	786 373	3 613 059
Firebrigade fees - WCDM	3 273 743	458 848
Fuel and oil	12 962 035	13 940 160
Social development programs	417 418	583 475
Housing	-	878 759
Insurance	1 827 887	1 721 990
Legal expenses	1 166 560	665 358
License fees - vehicles	962 263	939 935
License fees - computers	110 960	358 487
Magazines, books and periodicals	20 832	52 305
Membership fees	2 240 364	1 990 686
Operating: Landfill site	989 779	1 146 593
Other	1 901 390	3 455 728
Postage	1 082 163	1 051 150
Printing and stationery	1 957 166	1 701 365
Professional fees	3 548 965	3 361 091
Remuneration of ward committees	628 056	621 193
Rental of buildings	2 495 099	2 029 297
Rental of office equipment	138 718	100 176
Rental of computer equipment	39 418	50 573
Rental others	1 443 328	1 304 145
Sanitary services	1 858 214	727 039
Security costs	6 118 831	6 581 211
Stocks and material	2 683 551	2 876 774
Telephone cost	3 420 088	2 755 879
Training	3 245 761	3 150 498
Transport claims	-	91
Travel - overseas	86 825	-
Travel and subsistence	1 363 368	1 543 621
Uniforms	2 357 969	1 555 899
Valuation costs	287 895	286 732
	71 459 693	70 172 103

42. Fair value adjustment

Investment property carried at fair value	1 054 330	1 405 470
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Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand

2015

2014
Restated*

43. Non-current receivables

Housing selling scheme loans	760 310	974 023
Impairment for housing scheme loans	(760 310)	(974 023)
Total	-	-

Reconciliation of non-current receivables impairment provision

Balance at the beginning of the year	(974 023)	(1 119 941)
Reversal of contribution	112 432	145 918
Debt impairment written-off against allowance	101 281	-
	(760 310)	(974 023)

On 30 June 2015, non-current receivables of R760 310 (2014: R974 023) were fully impaired and provided for. An amount of R 101 281 was written-off as irrecoverable.

44. Financial instruments disclosure

Categories of financial instruments

2015

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	75 084 810	75 084 810
Trade and other receivables from non-exchange transactions	19 348 403	19 348 403
Cash and cash equivalents	395 599 128	395 599 128
	490 032 341	490 032 341

Financial liabilities

	At amortised cost	Total
Borrowings	(42 549 178)	(42 549 178)
Finance lease obligation	(340 034)	(340 034)
Payables from exchange transactions	(69 171 457)	(69 171 457)
Consumer deposits	(15 425 922)	(15 425 922)
	(127 486 591)	(127 486 591)

2014

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	74 832 181	74 832 181
Trade and other receivables from non-exchange transactions	22 919 280	22 919 280
Cash and cash equivalents	420 427 711	420 427 711
	518 179 172	518 179 172

518 179 172	518 179 172
AUDITOR GENERAL	
2015-10-29	
SOUTH AFRICA	

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Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand

2015

2014
Restated*

44. Financial instruments disclosure (continued)

Financial liabilities

	At amortised cost	Total
Borrowings	(53 595 705)	(53 595 705)
Finance lease obligation	(766 676)	(766 676)
Payables from exchange transactions	(70 552 468)	(70 552 468)
Consumer deposits	(14 230 114)	(14 230 114)
	<u>(139 144 963)</u>	<u>(139 144 963)</u>

Financial instruments in Statement of financial performance

2015

	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	29 066 114	29 066 114
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(15 779 220)	(15 779 220)
	<u>13 286 894</u>	<u>13 286 894</u>

2014

	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	24 758 255	24 758 255
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(13 911 343)	(13 911 343)
	<u>10 846 912</u>	<u>10 846 912</u>



Saldanha Bay Municipality

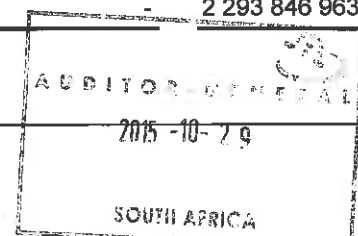
Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

45. Prior period errors and change in accounting policy

Statement of Financial Position 30 June 2014

	As previously reported	Correction of error	Reclassifying adjustments	Restated
Assets				
Current Assets				
Cash and cash equivalents	420 427 711	-	-	420 427 711
Inventories	10 066 976	47 314	-	10 114 290
Trade and other receivables from exchange transactions	82 624 119	(7 791 938)	-	74 832 181
Trade and other receivables from non-exchange transactions	24 256 571	(1 337 291)	-	22 919 280
Prepayments	2 527 273	4 706	-	2 531 979
Operating lease asset	867 019	(506 257)	-	360 762
VAT receivable	-	8 163 915	(4 710 143)	3 453 772
Non-current receivables	24 176	-	(24 176)	-
	<u>540 793 845</u>	<u>(1 419 551)</u>	<u>(4 734 319)</u>	<u>534 639 975</u>
Non-Current Assets				
Property, plant and equipment	2 059 891 786	(4 027 870)	24 176	2 055 906 637
Intangible assets	3 260 075	-	-	3 260 075
Investment property	4 000 000	15 078 170	-	19 078 170
Heritage assets	1 074 302	348 500	-	1 422 802
	<u>2 068 226 163</u>	<u>11 398 800</u>	<u>24 176</u>	<u>2 079 667 684</u>
Total Assets	<u>2 609 020 008</u>	<u>9 979 249</u>	<u>(4 710 143)</u>	<u>2 614 307 659</u>
Liabilities				
Current Liabilities				
Payables from exchange transactions	89 336 783	(934 990)	(17 849 325)	70 552 468
Consumer deposits	14 230 114	-	-	14 230 114
Unspent conditional grants and receipts	17 945 282	1 967 042	-	19 912 324
Borrowings	10 645 315	-	-	10 645 315
Finance lease obligation	424 253	3 300	-	427 553
Operating lease liability	48 003	104 753	-	152 756
Employee benefit obligation	4 017 000	-	17 849 325	21 866 325
VAT payable	4 676 936	33 207	(4 710 143)	-
	<u>141 323 686</u>	<u>1 173 312</u>	<u>(4 710 143)</u>	<u>137 786 855</u>
Non-Current Liabilities				
Borrowings	42 950 390	-	-	42 950 390
Finance lease obligation	339 123	-	-	339 123
Employee benefit obligation	84 572 000	-	-	84 572 000
Provisions	54 812 328	-	-	54 812 328
	<u>182 673 841</u>	<u>-</u>	<u>-</u>	<u>182 673 841</u>
Total Liabilities	<u>323 997 527</u>	<u>1 173 312</u>	<u>(4 710 143)</u>	<u>320 460 696</u>
Net Assets	<u>2 285 022 481</u>	<u>8 805 937</u>	<u>-</u>	<u>2 293 846 963</u>
Net Assets				
Accumulated surplus	2 285 022 481	8 824 482	-	2 293 846 963



Saldanha Bay Municipality

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Notes to the Annual Financial Statements

45. Prior period errors and change in accounting policy (continued)

Inventories

Inventory on housing top structures for Wesbank project was understated, now corrected.

Trade and other receivables from exchange transactions

VAT on provision for impairment on consumer debtors corrected as VAT was not previously included in the provision for impairment.

Trade and other receivables from non-exchange transactions

Provision for impairment on housing debtor was adjusted due to 2012/13 correction of housing debtors after final actual expenditure has been received.

Prepayments

Prepayments were made in respect of a lease rental in 2013/14 financial year, incorrectly expensed and now corrected.

Operating lease asset

Correction of operating lease asset to be in accordance with straight lining.

VAT receivable

VAT receivable adjusted to provide for VAT on provision for impairment on outstanding debtors as VAT was previously not included in provision.

Non current assets held for sale

Reclassification of asset held for sale to PPE according to GRAP 100. Previously disclosed separately in AFS.

Property, plant and equipment

Reclassification of assets held for sale, and the correction of investment property previously classified as PPE.

Investment property

Investment property was analysed in order to ensure that all the assets are correctly disclosed. Investment property previously classified as PPE has been transferred to investment property. These investment property was also revalued retrospectively and disclosed at fair value.

Heritage assets

After a completeness test was performed, it was found that erf 8201, Saldanha was previously classified as PPE and should be a heritage asset in accordance with the definition. This was corrected.

Payables from exchange transactions

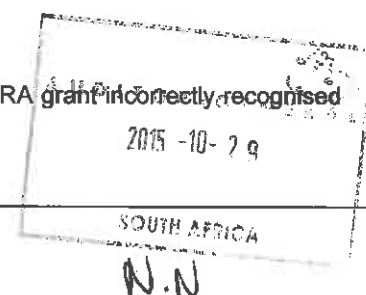
Reclassification of leave accrual and bonuses to employee benefit obligation. Incorrect allocation of VAT on vehicles, under stated security expenditure and over provision for electricity bulk purchases corrected.

VAT payable

Reclassification from VAT payable to VAT receivable due to VAT adjustment on debtors impairment provision and VAT correction on expenditure for security expenditure.

Unspent conditional grants

Interest on unspent grants was previously calculated incorrectly, and portion of VAT on DORA grant incorrectly recognised as revenue re-allocated to unspent grants.



Saldanha Bay Municipality

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Finance lease obligation

Correction of finance cost for a tablet purchased that not included in previous years figures.

Operating lease liability

Correction of the opening balance of the lease liability that was not taken into account with straight lining of operating leases liability on 30/6/2014.

Employee benefit obligation

Reclassification of leave accrual and bonuses from payables from exchange transactions to employee benefit obligation.

AUDITOR-GENERAL
2015-10-29



Saldanha Bay Municipality

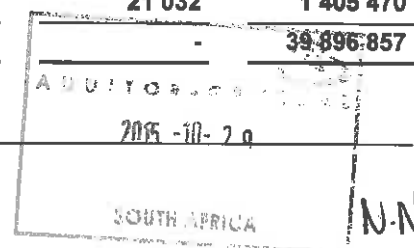
Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

45. Prior period errors and change in accounting policy (continued)

Statement of Financial Performance for the year ended 30 June 2014

	As previously reported	Correction of error	Reclassifying adjustments	Restated*
Revenue				
Revenue from exchange transactions				
Service charges	414 361 177	-	1 817 982	416 179 159
Rental of facilities and equipment	11 594 012	(336 100)	-	11 257 912
Interest earned - investments	24 503 565	254 690	-	24 758 255
Interest earned - outstanding receivables	2 381 413	3 464 616	-	5 846 029
Agency services	3 404 297	-	-	3 404 297
Licences and permits	1 242 754	-	-	1 242 754
Gains on disposal of assets	-	-	205 688	205 688
Other income	10 172 985	(28 888)	(2 375 651)	7 768 446
Total revenue from exchange transactions	467 660 203	3 354 318	(351 981)	470 662 540
Revenue from non-exchange transactions				
Property rates	141 994 392	-	-	141 994 392
Interest earned - outstanding property rates	6 301 641	(3 464 616)	-	2 837 025
Government grants and subsidies	90 837 111	-	-	90 837 111
Fines	1 999 737	-	-	1 999 737
Other income	3 543 273	(710 567)	557 669	3 390 375
Total revenue from non-exchange transactions	244 676 154	(4 175 183)	557 669	241 058 640
Total revenue	712 336 357	(820 865)	205 688	711 721 180
Expenditure				
Employee related costs	220 329 490	-	(76 152)	220 253 338
Remuneration of councillors	8 291 873	-	76 152	8 368 025
Loss on disposal of assets	-	-	226 720	226 720
Depreciation, amortisation and impairment losses	89 849 508	-	-	89 849 508
Finance costs	13 907 299	4 044	-	13 911 343
Debt impairment	13 084 331	(699 642)	-	12 384 689
Collection costs	590 621	-	-	590 621
Repairs and maintenance - materials and payments to suppliers	26 999 881	-	-	26 999 881
Bulk purchases	222 878 318	(1 789 358)	-	221 088 960
Contracted services	3 041 217	-	-	3 041 217
Transfers and subsidies	2 001 550	-	-	2 001 550
Inventories written-off	4 389 152	(47 314)	-	4 341 838
General expenses	69 843 966	328 137	-	70 172 103
Total expenditure	675 207 206	(2 204 133)	226 720	673 229 793
Operating (deficit) surplus	37 129 151	1 383 268	(21 032)	38 491 387
Fair value adjustments	535 000	870 470	-	1 405 470
Gain on non-current assets held for sale or disposal groups	(21 032)	-	21 032	-
	513 968	870 470	21 032	1 405 470
Surplus for the year	37 643 119	2 253 738	-	39 896 857



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Service charges

Reclassification of connection and re-connection fees from other revenue to service charges.

Rental of facilities and equipment

Straight lining of operating lease assets calculated incorrectly in previous financial year is now corrected.

Interest earned - external investments

Accounting for refunding of interest on penalties incorrectly charged by SARS since 1 September 2013.

Interest earned - outstanding receivables

A portion of interest on service charges was previously incorrectly included in interest on property rates that has now been corrected.

Other income - exchange transactions

Reclassification of connection and re-connection fees from other income to service charges. A credit on VAT review expense was incorrectly treated as VAT review revenue that has now been re-allocated to VAT review expense. Donated assets revenue reclassified as other income - non exchange transactions.

Interest earned - outstanding property rates

A portion of interest on outstanding service charges was previously incorrectly included in interest on outstanding property rates.

Finance cost

Correction of interest on unspent grants incorrectly calculated.

Debt impairment

Impairment on housing grant was reduced due to a 2012/2013 year correction on grant debtor.

Bulk purchases

An over provision for electricity bulk purchases in previous financial year has now been corrected.

Inventories written-off

Inventory written out as expenditure on housing top structures for Wesbank project was overstated and has now been corrected.

General expenditure

General expenditure restated to correct expenditure that should have been accounted for in the prior periods.

Fair value adjustment

Fair value adjustment of investment property after reclassification and completeness test were performed.

Gain / Loss on disposal of assets

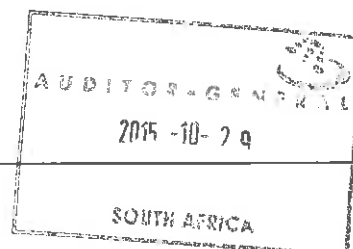
Gains and losses on disposal of assets reclassified to revenue and expenditure as it is not required to be presented separately.

Other income from non exchange transactions

Correction of a portion of VAT on DORA grants incorrectly recognised as revenue. Donated assets revenue reclassified from other income - exchange transactions

Employee related cost

SDL for councillors re-allocated from employee related cost to remuneration of councillors.



Saldanha Bay Municipality

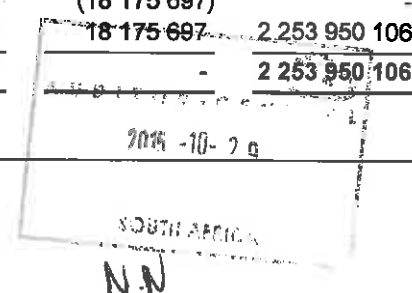
Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

45. Prior period errors and change in accounting policy (continued)

Statement of Financial Position 30 June 2013

	As previously reported	Correction of error	Reclassifying adjustments	Restated*
Assets				
Current assets				
Cash and cash equivalents	432 251 920	-	-	432 251 920
Inventories	11 640 458	-	-	11 640 458
Trade and other receivables from exchange transactions	69 064 778	(7 442 153)	-	61 622 625
Trade and other receivables from non-exchange transactions	24 818 585	(2 313 886)	-	22 504 699
Prepayments	206 115	-	-	206 115
Operating lease asset	915 845	(170 158)	-	745 687
VAT receivable	2 897 562	7 493 028	-	10 390 590
Non-current receivables	42 721	-	(42 721)	-
	<u>541 837 984</u>	<u>(2 433 169)</u>	<u>(42 721)</u>	<u>539 362 094</u>
Non-current assets				
Property, plant and equipment	2 004 651 576	(4 024 300)	42 721	2 000 669 997
Intangible assets	2 968 572	-	-	2 968 572
Investment property	3 465 000	14 102 700	-	17 567 700
Heritage assets	1 074 302	348 500	-	1 422 802
	<u>2 012 159 450</u>	<u>10 426 900</u>	<u>42 721</u>	<u>2 022 629 071</u>
Total assets	<u>2 553 997 434</u>	<u>7 993 731</u>	<u>-</u>	<u>2 561 991 165</u>
Liabilities				
Current liabilities				
Payables from exchange transactions	79 998 764	446 702	-	80 445 466
Consumer deposits	13 142 958	-	-	13 142 958
Unspent conditional grants and receipts	12 665 926	975 479	-	13 641 405
Borrowings	11 903 594	-	-	11 903 594
Finance lease obligation	310 112	-	-	310 112
Operating lease liability	102 849	785	-	103 634
Employee benefit obligation	3 037 788	-	-	3 037 788
	<u>121 161 991</u>	<u>1 422 966</u>	<u>-</u>	<u>122 584 957</u>
Non-current liabilities				
Borrowings	53 559 596	-	-	53 559 596
Finance lease obligation	764 386	-	-	764 386
Employee benefit obligation	76 887 738	-	-	76 887 738
Provisions	54 244 382	-	-	54 244 382
	<u>185 456 102</u>	<u>-</u>	<u>-</u>	<u>185 456 102</u>
Total liabilities	<u>306 618 093</u>	<u>1 422 966</u>	<u>-</u>	<u>308 041 059</u>
Net assets	<u>2 247 379 341</u>	<u>6 570 765</u>	<u>-</u>	<u>2 253 950 106</u>
Net assets				
Reserves				
Housing development fund	18 175 697	-	(18 175 697)	-
Accumulated surplus	2 229 203 644	6 570 765	-	2 235 774 409
Total Net Assets	<u>2 247 379 341</u>	<u>6 570 765</u>	<u>-</u>	<u>2 253 950 106</u>



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

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Property, plant and equipment

Re-classification of investment property, heritage assets and assets held for sale previously classified as PPE.

Heritage assets

After a completeness test was performed, it was found that erf 8201, Saldanha was previously classified as PPE and should be a heritage asset in accordance with the definition. This has been corrected.

Investment property

Investment property was analysed in order to ensure that all properties included in this category is correctly classified in accordance with GRAP 16. The interpretation of the definition was made more clear by the ASB and therefore we could now correctly classify these assets. Investment properties was also revalued retrospectively and disclosed at fair value.

Trade and other receivables from exchange transactions

VAT on provision for impairment on trade receivables retrospectively corrected. Previously no provision was made for VAT on impairment. VAT recognised as revenue corrected.

Trade and other receivables from non exchange transactions

Correction of expenditure allocation that was previously incorrectly allocated to EPWP resulted in a correction of the debtor. Also see VAT adjustment explained below.

Non current assets held for sale

Reclassification of assets held for sale to PPE according to GRAP 100. Previously disclosed separately in AFS.

Operating lease asset

Adjustment on the operating lease asset after incorrect calculation of the straight lining of the rental contracts.

VAT receivable

VAT receivable adjusted retrospectively to include VAT on provision for impairment on outstanding receivables.

Payables from exchange transactions

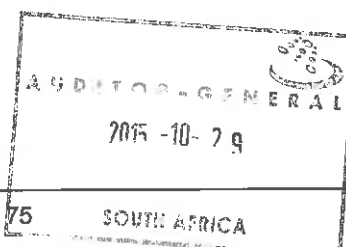
Security services tariffs in respect of Bitline Security services correctly applied retrospectively necessitated correction.

Unspent conditional grants

Interest on unspent grants for 2011/12 and 2012/13 was incorrectly calculated and now corrected, as well as a portion of VAT on DORA grants recognised as revenue re allocated to unspent grant.

Operating lease liability

Adjust operating lease liability to be in line with lease register. Mabre Trust office space was incorrectly calculated.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

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Figures in Rand

	2015	2014 Restated*
46. Cash generated from operations		
Surplus	34 655 653	39 896 857
Adjustments for:		
Depreciation, amortisation and impairment losses	108 969 275	89 849 508
Fair value adjustments	(1 054 330)	(1 405 470)
Leased assets	-	(107 899)
Debt impairment	8 291 701	12 384 689
Movements in operating lease assets and liabilities	(78 743)	434 047
Movements in employee benefit obligation	13 806 493	26 512 799
Movements in provisions	1 865 245	567 946
Gain on disposal of assets non - cash	(190 121)	(205 688)
Loss on disposal of assets non-cash	992 079	226 720
Donated assets non - cash	(282 090)	(557 669)
Changes in working capital:		
Inventories	251 302	1 526 168
Trade and other receivables from exchange transactions	(9 638 401)	(21 142 643)
Trade and other receivables from non-exchange transactions	4 229 047	(5 616 574)
Prepayments	(122 478)	(2 325 864)
Non-current receivables	112 432	145 918
Payables from exchange transactions	(1 381 011)	(9 892 998)
VAT	1 676 177	7 541 284
Unspent conditional grants and receipts	9 069 824	6 270 919
Consumer deposits	1 195 808	1 087 156
	172 367 862	145 189 206

47. Utilisation of long-term liabilities reconciliation

Long term liabilities	42 549 178	53 595 705
Utilised to finance property, plant and equipment - at cost	(42 549 178)	(53 595 705)
Balance at year end	-	-

Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

48. Change in accounting estimate

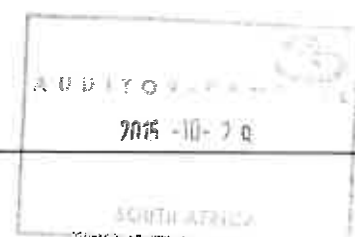
During the year under review the municipality assessed the conditions of intangible assets as well as infrastructure and other assets. The estimation of rehabilitation costs for the land fill sites resulted in additional depreciation. The change in accounting estimate led to a net increase (decrease) in depreciation to the amounts of 2015: R3 242 873 (2014: (R13 373 250) per year. Refer to note -9 and 10. The estimation of rehabilitation costs for the land fill sites resulted in the provision being increased that resulted in additional increase in the assets and provision of R38 280 025 (2014: R nil).

Category and reason for change in accounting estimate

Intangible Assets - Remaining useful lives reviewed	(982 374)	(212 667)
Infrastructure assets - Remaining useful lives reviewed	(1 055 583)	(13 160 583)
Landfill sites - increased estimated rehabilitation costs	5 280 830	-
	3 242 873	(13 373 250)
Additional increase in landfill site assets and provision for rehabilitation of landfill sites - Based on additional rehabilitation requirements with issued closure licence.	38 280 025	-
Total	41 522 898	(13 373 250)

49. Change In accounting policy

There were no changes in the accounting policy for the 2015 financial year.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

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50. Unauthorised, irregular, fruitless and wasteful expenditure

50.1 Unauthorised expenditure

To the best of our knowledge only the unauthorised expenditure listed below was incurred during the year under review. Also refer to Annexure C (Capital expenditure by vote) and Annexure D (Operating expenditure by vote) where the actual expenditure is measured against the budgeted expenditure per the various votes.

Expenditure appropriated other than what was budgeted for	325 874	-
Overspending of the total amount appropriated for a vote as per the approved budget		
Capital vote of Council	37 717	-
Capital vote of Engineering and Planning Services	27 067	-
	390 658	-

Expenditure appropriated other than what was originally budgeted for

Paragraph 1 of the MFMA defines unauthorised expenditure, *inter alia*, as expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose. During the 2014/15 financial year the municipality spent funds on an EPWP project that was not budgeted for, resulting in an over expenditure.

Overspending of the total amount appropriated for a vote as per the approved budget

Paragraph 1 of the MFMA defines unauthorised expenditure, *inter alia*, as an overspending of the total amount appropriated for a vote in the approved budget. During the 2014/15 financial year the budgeted capital vote for "Council" and "Engineering and Planning Services" were exceeded. The reason for this related to an overspending of R37 717 on the capital vote Council that was the result of the purchase of a vehicle where the input VAT was denied. The over expenditure of the R 27 067 on Engineering and Planning Services is as a result of the adjustment of the Rehabilitation of Landfill sites provision that increased substantially higher than budgeted which high increase is due to more strict rehabilitation requirements.



Saldanha Bay Municipality

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50.2 Irregular expenditure

Opening balance	3 186 440	28 282 727
Invalid deviations	723 400	940 716
Incorrect price range applied for quotations	32 888	32 194
Competitive tender process not followed	720 342	-
Procurement without an approved deviation	-	10 927
Non-compliance with the Construction Industry Development Regulations	-	7 510 442
Payments to persons in service of the state	-	154 631
Tender advertised for less than the prescribed period	-	10 311 508
Incorrect application of the preferential procurement regulations	-	2 267 190
Bid awarded to supplier with arrear municipal account	-	8 124 094
Quotations advertised for less than the prescribed period	-	1 628 873
	-	-
Less: Amounts written off (condoned) by Council		
Invalid deviations	(2 554 286)	(135 660)
Incorrect price range applied for quotations	(65 082)	-
Competitive tender process not followed	(221 307)	-
Procurement without an approved deviation	-	(10 927)
Non-compliance with the Construction Industry Development Regulations	-	(7 510 442)
Payments to persons in service of the state	(499 005)	(152 328)
Tender advertised for less than the prescribed period	-	(19 012 176)
Incorrect application of the preferential procurement regulations	(775 024)	(2 852 113)
Bid awarded to supplier with arrear municipal account	-	(13 866 173)
Quotations advertised for less than the prescribed period	(49 331)	(1 579 542)
Three written price quotations not obtained	-	(10 957 501)
	499 035	3 186 440

Invalid deviations

During the 2014/15 financial year the incorrect application of Regulation 36 of the Municipal Supply Chain Regulations was followed which resulted in irregular expenditure of R723 400. Value for money was received for the services rendered and after due consideration was given to the facts and circumstances, the amount was written off by the Council.

Incorrect price range applied for quotations

During the 2014/15 financial year the incorrect application of paragraph 18 of the Supply Chain Management policy of the municipality was followed which resulted in irregular expenditure of R32 888. Value for money was received for the goods delivered and after due consideration was given to the facts and circumstances, the amount was written off by the Council.

Competitive tender process not followed

During the 2014/15 financial year payments to the value of R720 342 were made to a supplier without following due supply chain processes, in this instance procurement was not done by way of a competitive tender process. It was initially thought by the procuring department that a previous tender will still be relevant as the scope of service required was similar. After consideration was given to the facts, an amount of R221 307 was written off by the Council. The balance of this amount still has to be considered by the Municipal Public Accounts Committee and Council.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

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50.3 Fruitless and wasteful expenditure

Opening balance	3 792 807	187 284
Incorrect salary payment	6 738	5 786
Quotation awarded to incorrect supplier	216	-
Interest and penalties accrued on late payments	2 697	28 952
Cost incurred without receiving any services	136 800	12 133
Original contract price exceeded	-	3 613 059
Advertising cost incurred on tenders not awarded	-	12 058
Payment made into incorrect bank account	-	3 219
Less: Amounts recovered		
Incorrect salary payment	(1 413)	-
Overpayment made to supplier	-	(14 308)
Less: Amounts written off by Council		
Incorrect salary payment	(8 579)	-
Quotations awarded to incorrect supplier	(216)	-
Interest and penalties accrued on late payments	(2 697)	(28 952)
Cost incurred without receiving the required benefit thereof	(137 786)	(11 147)
Advertising cost incurred on tenders not awarded	-	(12 058)
Duplicate payment made to supplier	(23 275)	-
Payment made to the incorrect bank account	-	(3 219)
	3 765 292	3 792 807

Incorrect salary payment

During the 2014/15 financial year incorrect salary payments of R6 738 were made to two employees. One of the employees repaid the money, whilst credit proceedings were instituted against the other.

Quotation awarded to incorrect supplier

During the 2014/15 financial year the municipality did not accept the best possible quotation, resulting in additional payments to the value of R216 that had to be made. After due consideration was given to the facts and circumstances, the amount was written off by the council.

Interest and penalties accrued on late payments

During the 2014/15 financial year the municipality became aware of interest and penalties of R2 697 owing to the SARS when a tax clearance certificate was applied for. These interest and penalties related to employee tax and skills levy dating back from 2000 and 2010 respectively. After due consideration was given to the facts and circumstances, the amount was written off by the Council.

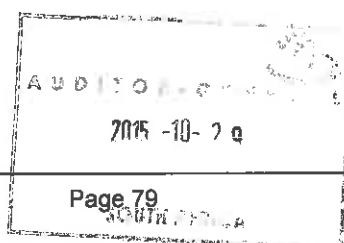
Cost incurred without receiving the required benefit thereof

During the 2014/15 financial year the municipality rented a building on behalf of the Department of Home Affairs. The building was vacant for the period 1 August 2014 to 31 March 2015 resulting in payments that were made without receiving any value for money.

51. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	2 378 320	1 972 796
Amount paid - current year	(2 378 320)	(1 972 796)
	-	-



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

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51. Additional disclosure in terms of Municipal Finance Management Act (continued)

South African Music Rights and Skills development levies

Current year subscription / fee	2 025 954	1 860 343
Amount paid - current year	(2 025 954)	(1 860 343)
	-	-

Audit fees

Current year subscription / fee	4 190 212	4 160 020
Amount paid - current year	(4 190 212)	(4 160 020)
	-	-

PAYE and UIF

Current year subscription / fee	30 211 286	26 276 110
Amount paid - current year	(30 211 286)	(26 276 110)
	-	-

Pension and Medical Aid Deductions

Opening balance	-	(630)
Current year subscription / fee	51 872 059	47 638 972
Amount paid - current year	(51 872 059)	(47 638 342)
	-	-

There was an amount of R630 overpaid in respect of medical aid at 30 June 2013.

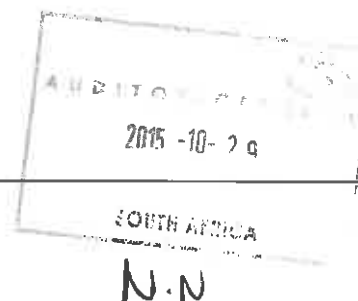
Councillors' arrear consumer accounts for more than 90 days at reporting date

Councillors' arrear consumer accounts for more than 90 days during the reporting period

30 June 2014

Councillor Jordaan Peter M

Highest outstanding amount	Aging (in days)
503	120



Saldanha Bay Municipality

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52. Deviation from supply chain management regulations

Regulation 12 of the Municipal Supply Chain Regulations 2005 determines that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Regulation 36 of the same regulations also requires that the accounting officer may dispense with the official procurement process in certain circumstances provided that the reasons are recorded and reported to Council.

These circumstances are typically for emergency procurement, procurement where goods or services is available from only one supplier and procurement where it is impractical or impossible to follow the official procedures.

Regulation 36(1)(b) further allows the accounting officer to ratify any minor breaches of the procurement processes which are purely of a technical nature.

Deviations for the year

Emergencies	2 348 046	1 167 684
Sole provider	6 255 998	4 203 519
Impractical or impossible to follow the SCM process	6 558 917	3 883 089
Ad-hoc repairs	1 364 904	331 896
Strip and quote	4 867 647	4 449 310
Minor breaches of the procurement process	115 787	376 755
Total deviations for the year	21 511 299	14 412 253

The details of the deviations for the current year under review amounting to R21 511 299 is included as Annexure G.

53. Capital commitments

Commitments in respect of capital expenditure

Approved and contracted for

• Infrastructure assets	18 134 943	45 067 468
• Other assets	8 152 820	2 532 245
• Buildings	2 785 774	5 216 558
• Community	15 081 773	2 491 958
	44 155 310	55 308 229

Approved but not yet contracted for

• Infrastructure assets	2 559 527	4 887 314
• Buildings	-	712 800
• Community	-	3 506 397
	2 559 527	9 106 511

Total capital commitments

Approved and contracted for	44 155 310	55 308 229
Approved but not yet contracted for	2 559 527	9 106 511
	46 714 837	64 414 740

Saldanha Bay Municipality

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54. Contingent liability

Claims against Council

The municipality is currently engaged in litigation which could result in damages or costs being awarded against Council if the claimants are successful in the actions. The following are the estimates.

Britannia Beach Estate (Pty) Ltd and 3 others	153 326	153 326
West Coast Miracles (Pty) Ltd	150 000	150 000
Envitech Solutions (Pty) Ltd	200 000	100 000
F. Turner and Turner Plant and Harvest CC	250 000	-
Capendale	-	80 000
	753 326	483 326

Britannia Beach Estate (Pty) Ltd and 3 others

Britannia Beach Estate (Pty) Ltd, Bay Developers (Pty) Ltd, Sandy Point Beach Properties (Pty) Ltd and West Coast Miracles (Pty) Ltd paid the municipality capital contributions in the past which consisted of sewerage, electricity and roads expenditure. They were of the view that the capital contributions were excessive and took the municipality to court on this matter. The Constitution Court ruled in favour of the municipality and ordered these 4 entities to pay the legal fees of the municipality incurred. Included in trade and other receivables from exchange transactions in the Statement of Financial Position is an amount of R363 283 (2014: R663 283) which comprises the legal fees to be paid back. The municipality made an calculation of the possible excessive contributions and it was estimated to be R153 326. There is still uncertainty about the correctness of this amount to be repaid. If an amount is to be repaid to these entities, it will be done on a net basis and each of these entities will settle to one another among themselves.

West Coast Miracles Pty (Ltd)

An application was handed in for the cancellation of water services on erf 35 and 40, St Helena Bay by the owner of these property. Council disputes this application. The estimated liability for council is estimated at R150 000.

Envitech Solutions (Pty) Ltd

An application was handed in against the Council for the reviewing and setting aside of the awarding of a tender. This render was found non-responsive during the functionality stage. The matter is still in the pleading stages. The estimated liability for Council is estimated to be R100 000.

F. Turner and Turner Plant and Harvest CC

An application was made by Council against the property owner from conducting activities contrary to the zoning scheme. This matter is still in the pleading stages. The estimated liability towards Council is in the region of R250 000.

Capendale

The Capendale case has been concluded during the reporting period and Council has paid R80 000 as settlement on 17 December 2014.



Saldanha Bay Municipality

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55. Related parties

No members of the municipality's management have significant influence over the financial or operating policies of the municipality. No business transactions took place between the Saldanha bay municipality key management personnel and their close family members, unless specifically disclosed. All members of the municipality's management and their close family members receive and pay for services on the same terms and conditions as other ratepayers and residents. All transactions are at arm's length and no bad debt expenses have been recognised in respect of amounts owed by related parties

55.1. Composition of management

Municipal Manager and Directors

Municipal Manager
Chief Financial Officer
Director Engineering and Planning Services
Director Community Services
Director Corporate and Operations

Scheepers Louis
Vorster Stefan
Smith Gerrit
Marais Jacques
Mbaliswana Phumzile

Mayoral Committee members

Executive Mayor
Executive Deputy Mayor
Speaker
Finance
Technical Services
Community Services
Corporate Services

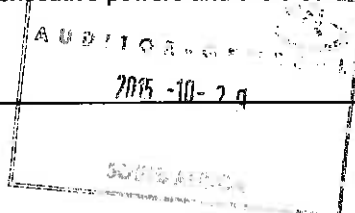
Schippers Francois J
Steyn Elizabeth SJ
Daniels Olwene D
Louw Nicolaas S
Van Tura Sucilla L
Ryan Don J
Pronk Frank

Other Councillors

Arendze Wilfred
Benjamin Trevor
Biko Mzwandile S
Cillie Jan J
De Bruin Isak
De Bruyn Adele
De Bruyn Gerrit N
Jordaan Berandina
Jordaan Peter M
Kruger André
Mbanze Frank FB
Mitchell Leonard
Mgoqi Nyanisile V
Padayachee Hoosain
Riet Ikakayeng M
Skei Joubert
Vaughan Eventhia
Vries Stefanus T

Remuneration of management

The compensation of management is set out below. Councillors in this note are compensated according to the Remuneration of Public Office Bearers Act, Act 20 of 1998. The mayoral committee members have executive powers for planning, directing and controlling the activities of the municipality by virtue of their delegation and therefore are disclosed individually. The other councillors have no executive powers and are also disclosed individually.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

55. Related parties (continued)

55.2 Remuneration of management

	Annual Remuneration	Bonuses	Travelling allowance	Contribution to UIF, Medical and Pension Funds	Housing	Telephone allowance	Other	Total
2015								
Municipal Manager	1 020 000	-	255 000	183 600	110 270	6 968	53 943	1 629 781
Chief Financial Officer	864 000	-	216 000	190 512	58 619	9 300	7 987	1 346 418
Director: Engineering and planning Services	802 800	-	183 000	161 784	12 538	-	2 207	1 162 329
Director: Corporate Services	503 038	-	75 707	90 848	4 486	7 787	1 101	682 967
Director: Community Services	756 000	-	189 000	175 111	26 176	10 800	24 134	1 181 221
	3 945 838	-	918 707	801 855	212 089	34 855	89 372	6 002 716
2014								
Restated*								
Municipal Manager	960 000	-	240 000	172 800	96 228	8 474	66 088	1 543 590
Chief Financial Officer	804 000	-	201 000	177 379	62 242	7 200	2 176	1 253 997
Director: Engineering and planning Services	754 733	-	171 000	151 142	9 417	-	28 154	1 114 446
Director: Community Services	588 444	-	147 111	135 891	23 084	9 000	45 666	949 196
	3 107 177	-	759 111	637 212	190 971	24 674	142 084	4 861 229

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

55. Related parties (continued)

55.2 Remuneration of management

	Basic Salary	Medical healthcare contribution	Traveling allowance	Pension contribution	Housing Allowance	Telephone allowance	SDL	Total
2015								
Executive Mayor: Schippers FJ	477 000	-	119 250	35 776	86 469	20 868	6 908	746 271
Deputy Executive Mayor: Steyn ESJ	368 880	17 280	92 220	55 333	41 082	20 868	5 123	600 786
Speaker: Daniels O	459 837	-	114 959	-	-	20 868	5 972	601 636
Finance: Louw S	431 098	-	107 774	-	-	20 868	5 553	565 293
Technical Services: van Tura S	538 872	-	-	-	-	20 868	5 492	565 232
Community Services: Don RJ	419 760	-	104 940	-	14 172	20 868	5 548	565 288
Strategic Services: Pronk F	419 760	-	104 940	-	14 172	20 868	5 492	565 232
Councillor: Arendse W W	165 360	-	41 340	-	8 848	20 868	2 260	238 676
Councillor: Benjamin T G	215 549	-	-	-	-	20 868	2 260	238 677
Councillor: Biko MS	139 920	-	34 980	20 989	19 659	20 868	1 976	238 392
Councillor: Cillie J J	194 820	17 280	32 297	25 669	31 402	20 868	2 795	325 131
Councillor: de Bruin I	215 549	-	-	-	-	20 868	2 260	238 677
Councillor: de Bruyn A	159 000	-	-	23 851	32 698	20 868	1 937	238 354
Councillor: de Bruyn G	159 000	-	39 750	11 926	4 873	20 868	2 182	238 599
Councillor: Jordaan B	190 800	-	19 080	-	5 668	20 868	2 270	238 686
Councillor: Jordaan P	215 549	-	-	-	-	20 868	2 260	238 677
Councillor: Kruger A	156 456	-	39 115	-	19 978	20 868	2 260	238 677
Councillor: Mbanze FFB	118 296	17 280	29 574	8 873	41 525	20 868	2 152	238 568
Councillor: Mitchell L	202 474	-	10 080	-	2 994	20 868	2 260	238 676
Councillor: Mgoqi NV	124 657	12 564	31 164	18 699	28 464	20 868	2 021	238 437
Councillor: Padayachee H	165 360	-	41 340	-	8 848	20 868	2 260	238 676
Councillor: Riet IM	200 528	-	11 580	-	3 440	20 868	2 257	238 673
Councillor: Skei J	137 800	-	34 450	10 336	82 994	20 868	2 745	289 193
Councillor: Vaughan E	204 420	-	8 580	-	2 548	20 868	2 260	238 676
Councillor: Vries ST	184 440	-	18 444	-	12 664	20 868	2 297	238 743
	6 265 185	64 404	1 035 857	211 452	462 498	521 700	80 800	8 641 896

APPROVED FOR GENERAL

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Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

55. Related parties (continued)

55.2 Remuneration of management (continued)

2014	Basic salary	Medical healthcare contributions	Traveling allowance	Pension contribution	Housing allowance	Telephone allowance	SDL	Total
Executive Mayor: Schippers FJ	450 000	-	112 500	69 750	45 576	20 868	5 826	704 520
Deputy Executive Mayor: Jager R	319 000	-	79 750	51 765	46 558	19 129	4 205	520 407
Deputy Executive Mayor: Steyn ESJ	20 714	1 048	5 179	3 087	2 249	1 242	283	33 802
Speaker: Daniels OD	433 809	-	108 452	-	-	20 868	5 710	568 839
Finance: Louw NS	406 696	-	101 674	-	-	20 868	5 238	534 476
Technical Services: Van Tura SL	508 370	-	-	-	-	20 868	5 188	534 426
Steyn E	299 071	16 232	74 768	44 880	43 158	19 626	4 227	501 962
Community Services: Ryan Don J	396 000	-	99 000	-	13 370	20 868	5 195	534 433
Strategic Services: Pronk F	396 000	-	99 000	-	13 370	20 868	5 188	534 426
Councillor: Arendse WW	156 000	-	39 000	-	8 348	20 868	2 138	226 354
Councillor: Benjamin TG	203 348	-	-	-	-	20 868	2 138	226 354
Councillor: Biko MS	132 000	-	33 000	19 800	18 548	20 868	1 841	226 057
Councillor: Cilie JJ	168 000	17 280	25 200	25 200	25 283	20 868	2 385	284 216
Councillor: de Bruin I	203 349	-	-	-	-	20 868	2 138	226 355
Councillor: de Bruyn A	150 000	-	-	22 500	30 848	20 868	1 800	226 016
Councillor: de Bruyn G	154 000	-	38 500	3 750	7 098	20 868	2 063	226 279
Councillor: Jordaan B	180 000	-	18 000	-	5 348	20 868	2 138	226 354
Councillor: Jordaan PM	203 348	-	-	-	-	20 868	2 138	226 354
Councillor: Kruger A	147 600	-	36 900	-	18 848	20 868	2 138	226 354
Councillor: Masina S	80 694	-	-	-	-	5 165	833	86 692
Councillor: Mbanze FFB	111 600	16 532	27 900	17 298	30 018	20 868	1 837	226 053
Councillor: Mitchell L	190 086	-	-	-	-	19 507	1 998	211 591
Councillor: Mgoqi NV	117 600	11 173	29 400	17 640	27 536	20 868	1 873	226 090
Councillor: Padayachee H	156 000	-	39 000	-	8 348	20 868	2 138	226 354
Councillor: Riet IM	73 499	-	-	-	-	7 543	773	81 815
Councillor: Skei J	159 167	-	39 791	14 363	47 642	20 868	2 457	284 288
Councillor: Vaughan E	9 683	-	-	-	-	994	102	10 779
Councillor: Vries ST	174 000	-	17 400	-	11 948	20 867	2 164	226 379
	5 999 634	62 265	1 024 414	290 033	404 094	511 433	76 152	8 368 025

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Saldanha Bay Municipality

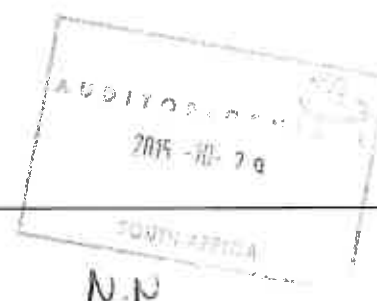
Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

55. Related parties (continued)

55.3 Transactions with management

During the 2014/15 financial year the mayor of the municipality, Councillor Francois Schippers leased two properties from the municipality. During the 2013/2014 financial year one property was leased by the mayor from the municipality. The mayor has paid rentals of R 1 141 (2014: R 285) for the year. The market related rentals for these two properties are considered to be R 8 892 (2014: R 2 052).



Saldanha Bay Municipality

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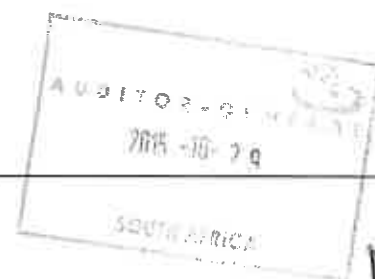
2015

2014
Restated*

55. Related parties (continued)

55.4 Supply Chain Management Transactions

Name of person or entity	Details	Amount of the awards	Amount of the awards
Lanika Trading CC	The owner of this business is a sibling of Councillor Hoosain Padayachee of the Saldanha bay Municipality.	141 340	158 225
Powerrec (Pty) Ltd	The parents of the shareholders of this company is in service of the Limpopo Department of Social Development and Gauteng Health Department.	1 408 716	440 880
All Solutions Suppliers	The owner of the company is the brother of Mr P Lewack who is employed at Saldanha bay Municipality.	47 300	-
Cochokwa Waste Management Co-op Ltd	A shareholder of the company is the spouse of Councillor Isak De Bruin who is a councillor of Saldanha bay Municipality.	38 612	-
Ikapa Reticulation and Flow CC	The spouse of Mr R Davids is employed at the Department of Education.	13 360	-
Siphakame Skills Development	The spouse of Mr. N Vacu is employed at the Drakenstein Municipality.	379 136	-
West Coast Project Management	The spouse of Mr. C Marinus is employed at the Department of Education.	41 133	-
El Paso Guns	Mr. PS de Kock is a relative of Ms. MC de Kock who is employed by Saldanha bay Municipality.	7 420	-
Off-med furniture and medical warehouse	The shareholder of this business is in service of the South African Airways.	-	132 338
Mogwe Marine Oil Gas Water and Energy Services (Pty) Ltd	The shareholder of this company (Natasha Engelbrecht) was in service of Saldanha bay Municipality within the previous twelve months.	-	492 280
C and M Koert General Trading	The owner of this company is the spouse of Mr. Karel Koert who is in service of Saldanha bay Municipality.	-	76 500
Cor-mar Films	Mr. du Plessis was in the employment of Denel until 31 March 2014.	-	22 293
Graphix Matrix	Mrs. MA du Toit was in the employment of Saldanha bay Municipality during the reporting period. She resigned in December 2013.	-	18 290
ABSA Bank Limited	The Chief Executive Officer of ABSA Bank Limited is the spouse of Mr. Trevor Manuel who is employed by National Government. The municipality has invested short term deposits at ABSA Bank Limited. Refer to note 2.	110 000 000	180 000 000
Total		112 077 017	181 340 806



Saldanha Bay Municipality

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Restated*

56. Events after the reporting date

To the best of our knowledge all events and transactions, both favourable and unfavourable, that occurred between the reporting date and the date when the annual financial statements were authorised for issue were appropriately adjusted for.

57. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks such as market risk, credit risk and liquidity risk.

Market risk includes currency risk, fair value interest rate risk, cash flow interest rate risk and price risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Council. The utilisation of credit limits is regularly monitored.

Financial assets exposed to credit risk at year end were as follows:

Trade and other receivables from exchange transactions	75 084 810	74 832 181
Trade and other receivables from non-exchange transactions	19 348 403	22 919 280
Cash and cash equivalents	395 599 128	420 427 711

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

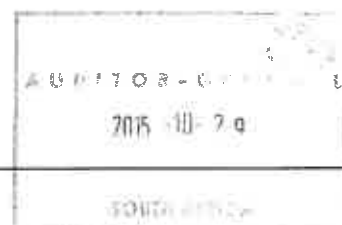
Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

58. Restatement of comparative information

Certain comparative figures have changed. The changes are as a result of amounts reclassified or prior period errors. For more detail refer to note 45: prior period errors and change in accounting policy.



Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2015

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59. Budget differences

Implementation of the capital budget

The municipality has spent R 225 459 021 (2014: R 145 156 473) of the capital budget of R 236 336 724 (2014: R 208 661 530) which translate to a spending ratio of 95% (2014: 70%). Refer to Appendix C for more detail.

Material differences between budget and actual amounts

The reason for the variances between the approved budget and final budget are explained below. The adjustments made between the approved budget and the final budget include virements that were made after the approval of the final adjustment budget on 27 March 2015. Virements are transfers from one operating cost element or capital project to another, and are made in accordance with the approved virement policy of the municipality. The explanations of material variances greater than 10% between the final budget and actual amounts are provided below.

59.1 Statement of financial position:

Inventories

Inventory on housing top structures for Wesbank project was understated and has been corrected. The budgeted amount was however still more than the actual at year end due to unpredictability of consumer stores purchases and stores issues.

Trade and other receivables from non- exchange transactions

The payment ratio on property rates was higher than anticipated. An adjustment was made on government grants debtors that decreased the amount at year end.

Intangible assets

The conditions of intangible assets were assessed during the current year under review. A change in accounting estimate led to a net increase in the amortisation amount for 2015.

Investment property

Budget was based on the 2013/2014 annual financial statements. Fair value adjustment and correction of an error where certain properties identified as investment property were transferred to investment property that affected the actuals, therefore the material variance.

Non-current receivables

Non-current receivables has been impaired in total at year end.

Payables from exchange transactions

The higher increase in year end trade payables did not realise as expected. Leave accrual and bonuses previously included in payables is now included in employee benefit obligation which is the main reason for the deviation.

Unspent conditional grants and receipts

The actual unspent grants at year end was more than the anticipated amount due to the fact that certain housing projects were delayed and additional funding was received.

Employee benefit obligation

The budget was based on the previous actuarial valuation report and was therefor only an estimate. The updated report is only available after approval of the budget. Leave accrual and bonuses previously included in payables is now included in employee benefit obligation which is one of the main reasons for the deviation.

Finance lease obligation

No new finance lease obligations were entered into as anticipated at the time when the budget was compiled.

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Saldanha Bay Municipality

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59. Budget differences (continued)

Provisions

The material variance and increase amount relates to the change in provision for rehabilitation for landfill sites requirements and conditions for the closure of landfill sites. This was unknown at time when the adjustment budget was approved.

59.2 Statement of financial performance:

Interest earned - outstanding receivables

Interest on housing rentals and housing schemes budgeted but did not realise.

Agency services

More revenue realised on motor vehicles licencing transactions than anticipated. Therefor more commision received

Other income from exchange transactions

More revenue received on capital contributions than anticipated. The amount for bad debts recovered, building plan fees, encroachment fees and incidental cash surpluses were also more than budgeted for.

Interest earned - external investments

Lower actual capital expenditure payments had the effect that more could be invested though the year that resulted in more interest earned.

Interest earned - outstanding property rates

The amount levied was less than the budgeted amount due to high payment ratio.

Other income from non-exchange transactions

Actual less than budgeted amount due to VAT on DORA grants revenue recognised less than budgeted.

Government grants and subsidies

There was less conditions met in respect of Provincial housing grants and other grants, that resulted in less revenue recognised than budgeted. The main reason for the material variance is however that the total amount for grants as per DORA has been budgeted for in terms of a requirement from National Treasury that the budget for grants must balance with the DORA allocation, although the grant in respect of housing projects where the municipality is the agent is not recognised as revenue.

Fines

The amount recognised as revenue is more than the budgeted amount due to substantial increase in fine tariffs.

Loss on disposal of assets

Assets not in use as well as missing assets with book value disposed off not budgeted for.

Depreciation, amortisation and impairment losses

Depreciation is budgeted as if capital expenditure will be 100%. Depreciation is lower due to lower capital expenditure and work in progress.

Debt impairment

Debtors impairment is lower than budgeted for as a result of the increased average payment ratios of individual rate payers and consumers.

AUDITOR-GENERAL

2015-10-29

SOUTH AFRICA

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Saldanha Bay Municipality

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59. Budget differences (continued)

Collection costs

Collection costs lower due to less payments to the sheriff of the court. This can be coupled to the increased payment ratio.

Repairs and maintenance - materials and payments to suppliers

Expenditure on repairs and maintenance is lower than budgeted as a result of less materials procured and less suppliers appointed than what was budgeted for.

Inventories written-off

The actual expenditure is less than budgeted as a result of a requirement that the housing grant be fully budgeted for as per DORA, although the grant is not for inventories only. Also refer to the explanation above in respect of government grants and subsidies.

General expenses

The actual expenditure on general expenses is lower than budgeted and is mainly attributed to savings on audit fees, expenses on construction of 142 toilets, expenses incurred on asset verification and unbundling, expenses for professional fees, expenses for valuation records, expenses incurred on the IDP, insurance excess payments, postage fees, telephone costs, material, printing and stationery, uniforms and protective clothing, subsistence and travelling, rental of toilets, rental tools, security costs, legal fees paid and wet fuel.

59.3 Cash flow statement

Service charges

Electricity sales less than budgeted. Certain other receipts and interest on receivables were included in budgeted numbers for service charges. Collection of arrears did not realise as anticipated.

Grants

More received than budgeted as result of additional housing grants allocation.

Other receipts

Budgeted other receipts were based on previous year's cash flow statement which was recalculated to only include actual cash received

Interest income

Interest on investments more due to more available funds to invest. Interest on receivables was included in service charges with compilation of the budget.

Payments to suppliers and other

Less payments than budgeted due to savings on bulk purchases, materials and general expenditure.

Purchases of property plant and equipment

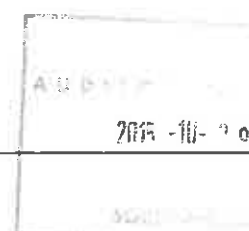
Actual capital expenditure payments less than budgeted. Refer to explanations per vote below.

Proceeds from sale of property, plant and equipment

This is not budgeted for as it is unknown at the time of budgeting

Proceeds from borrowings

New borrowings extended until 2015/2016 financial year.



Saldanha Bay Municipality

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59. Budget differences (continued)

Finance lease payments

It was anticipated that new finance leases will be incurred which did not realise. Therefor the payments was less than budgeted for.

59.4 Capital budget expenditure

The capital budget variance per vote can be found in appendix C. A high level explanation of the variances is provided below:

Municipal Manager

Savings realised on office furniture and equipment that was not procured.

Finance

A saving of R457 300 relates to capital items budgeted for to be replaced through insurance claims during the year. No material insurance claims relating to capital items were received during 2014/15. The amount budgeted for bins was included in another project and therefor the funding was not utilised. The R156 000 earmarked for the fuel electronic system will be rolled over to the next financial year due to a waiting period for delivery thereof.

Corporate and Protection Services

The bulk of the unspent funds relates to an amount of R1 200 000 budgeted for the dog pound. There was a delay in the appointment of the service provider that had to assist with the design of the pound. Several other projects that was not yet completed at year end will also be rolled over to the next financial year.

Community and Operational Services

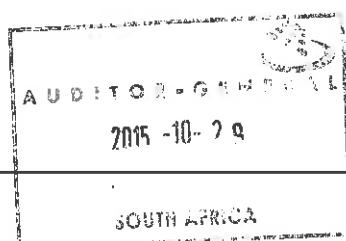
The bulk of the funds R5 256 037 relates to projects that are still work in progress and will be rolled over to the next financial year. Quotations below the budgeted amount was received therefor the savings. Incorrect quotations was received on certain projects and these will be re-advertised in order to complete the projects. The Louwville swimming pool project has been put on hold.

Engineering and Planning Services

The budgeted funds have been fully spent. The additional provision amounting to R38,25 million to increase the landfill site attributed to the over- spending of the budget.

Council

During the 2014/15 financial year the budgeted capital vote for "Council" was exceeded. The reason for this related to an overspending of R37 717 on the capital vote. This over expenditure was the result of the purchase of a vehicle where the input VAT was denied.



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60. Impairment of non-cash generating assets

An entity that prepares and presents annual financial statements under the accrual basis of accounting shall apply GRAP 21 in accounting for the impairment of non-cash generating assets, and GRAP 26 in accounting for the impairment of cash generating assets. Cash generating assets are held with the primary objective of generating a commercial return.

Management has considered both Standards and used the decision tree as per the guide for these Standards, to determine if assets should be treated as cash or non-cash generating.

It was concluded that GRAP 21 only is applicable to the municipality and therefor all assets are accounted for as non-cash generating assets. The amount impaired with respect to these assets is R 1 093 058 (2014: R 4 673 071).

The circumstances that led to the impairment are as follows:

Impairment indicators	Asset class		
Assets damaged irreparable (Security barrier)	Buildings	945	-
Assets damaged irreparable (Weigh bridge)	Buildings	-	104 362
Project halted not to be completed	Infrastructure	36 734	-
Infrastructure assets replaced due to obsolescence	Infrastructure	65 375	4 273 661
Bicycle lanes replaced by sidewalks	Infrastructure	27 177	-
Assets damaged irreparable	Leased	-	129
Assets damaged irreparable	Other	962 827	294 919
		<u>1 093 058</u>	<u>4 673 071</u>

61. Material losses

Water losses	<u>11 783 034</u>	<u>14 177 929</u>
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The losses recorded were 14.45% (2014: 16.66%). These losses are predominantly due to metering inefficiencies, unmetered connections, aging pipeline infrastructure, burst pipes, old reticulation networks and other leakages which are by nature regarded as normal production losses.

Electricity losses	<u>18 572 432</u>	<u>23 443 897</u>
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The energy losses recorded were 8.91% (2014: 11.3%). These losses are the result of technical losses caused by the nature of electricity and the manner of its distribution, via the network, status / condition and age of the network, weather conditions and load on the system as well as non technical losses, e.g. theft and vandalism.



Annexure B

Report of the Auditor General

Report of the auditor-general to the Western Cape Provincial Parliament and the council on the Saldanha Bay Municipality

Report on the financial statements

Introduction

1. I have audited the financial statements of the Saldanha Bay Municipality set out on pages 6 to 94, which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information and actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Saldanha Bay Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

8. As disclosed in note 45 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of errors discovered during the 2014-15 financial year in the financial statements of the Saldanha Bay Municipality at, and for the year ended, 30 June 2014.

Material impairments

9. As disclosed in note 4 to the financial statements, the municipality has provided for impairment of gross trade receivables from exchange transactions amounting to R74,4 million (49,8%).
10. As disclosed in note 5 to the financial statements, the municipality has provided for impairment of gross trade receivables from non-exchange transactions amounting to R24,2 million (55,6%).

Additional matters

11. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited supplementary schedules

12. The supplementary information set out on pages 95 to 155 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Unaudited disclosure notes

13. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

Report on other legal and regulatory requirements

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected strategic objective presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

15. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected strategic objective presented in the annual performance report of the municipality for the year ended 30 June 2015:
 - Basic service delivery on pages 17 to 30
16. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
17. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned strategic objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information*.
18. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
19. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected strategic objective:
 - Basic service delivery on pages 17 to 30

Additional matters

20. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected strategic objective, I draw attention to the following matters:

Achievement of planned targets

21. Refer to the annual performance report on pages 17 to 30 for information on the achievement of planned targets for the year.

Unaudited supplementary information

22. The supplementary information set out on pages 31 to 134 does not form part of the annual performance report and is presented as additional information. I have not audited this information and, accordingly, I do not report thereon.

Compliance with legislation

23. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

24. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor-General

Cape Town

30 November 2015



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence